

## MARKETING STRATEGIES OF TOILET SOAP MANUFACTURING INDUSTRY IN KARNATAKA (A CASE STUDY OF KS&DL, BANGALORE)

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### **Introduction**

Marketing is the process by which companies create customer interest in products or services. It generates the strategy that underlies sales techniques, business communication, and business development. It is an integrated process through which companies build strong customer relationships and create value for their customers and for themselves.

Marketing management aims to contribute to the organizational objectives. Modern marketing concept compels organization to use an integrated approach in its operations. Therefore, marketing should not be considered merely as a fragmented assortment of marketing functions. Each and every department has to contribute for the customer satisfaction and delight.

Strategic planning is the process of examining a company's market opportunities, allocating resources to capitalize on those opportunities and predicting market and financial performance that are likely to occur.

### **Toilet Soap Industry in Karnataka**

For centuries, India is the land of spices, ivory, precious gems, magical charms and also the land of sandalwood. The world's richest sandalwood resources are from one isolated stretch of forest land in south India. Karnataka is the original name for sandalwood in India which also been called as "Gandhada Gudi". Karnataka is the original home of the perfumed sandalwood. Its oil is mainly used for manufacture of soaps. Thus it is regarded as a fragrant "Ambassador of India" and the Sandalwood is regarded as "Liquid Gold". Karnataka state produces about 70% of total production of sandal wood oil in the world. It was this sandal wood oil which became a reason to setup a soap factory in Karnataka. Karnataka Soaps & Detergents Limited is a public sector undertaking (wholly owned by Government of Karnataka) engaged in manufacture of soaps, detergents and extraction of sandal oil. It also manufactures sterile acid, glycerin, Sandal talc and Agarbathies.

Toilet soap manufacturing in Karnataka faces the problems of shortage of sandal oil, high prices of raw materials etc. KSD&DL in particular, confronts the problems of shortage of raw materials; higher prices of its products are comparing to its competitors because of high price of sandal oil etc. As it is a governmental company there are also chances of political and social considerations scoring over economic and commercial considerations. The products of KS&DL climb better place in certain marketing mix variables against its competitors, in respect of cleanliness, beauty factor, attractiveness, fragrance etc. The most important competitive product of Mysore sandal soap of KS&DL is Lux, Dove, Pears, Cinthol, and Hamam etc.

### **Statement of the Problem**

The present study concerns itself with the conceptual and functional analysis of marketing strategies and provides details regarding toilet soap manufacturing industry in the world, in India and in Karnataka.

The main purpose of the study is to provide an analysis of marketing strategies adopted by toilet Soap manufacturers in Karnataka. The major producer of toilet soap in Karnataka is KS & DL, Bangalore. Hence, for evaluating the marketing strategies adopted by toilet soap manufacturers in Karnataka, the researcher has chosen KS & DL, Bangalore for case study. A microscopic study has been conducted on KS & DL, Bangalore for the assessment of marketing strategies of toilet soap

manufacturers. Therefore, the research problem has been stated as “**Marketing Strategies of Toilet Soap Manufacturing Industry in Karnataka- a Case Study of KS & DL, Bangalore**”.

### **Need for the Study**

The Indian FMCG sector is the fourth largest in the economy and has a market size of US\$13.1 billion. A research oriented study on marketing strategies adopted by the industrial manufacturers, will help not only the manufacturers in curtailing in their cost and increasing competitive efficiency, but also will help the society in availing fair services through fair priced quality products. Therefore, such a study has practical importance. But review of research studies and the literature on marketing strategies in soap industry and their related aspects reveals that the extent of research carried out on the topic is inadequate. The review of literature shows that the researchers have emphasized the general problems of soap industry ignoring the strategic planning issue in soap industry. A few attempts made in this direction are not very comprehensive but they are mainly opinionistic in nature. A scientific approach to the marketing strategies of toilet soap industry is lacking.

Further, a review of literature reveals that a little interest has been evinced by academicians to carryout research on marketing strategies adopted by soap manufacturers in Karnataka in general and in KS & DL, Bangalore, in particular. Most of the literature pertaining to this issue covers commentaries on the general problem of toilet soap manufacturing. There is lack of evidence of comprehensive research on the marketing strategies adopted by KS & DL, Bangalore.

Although it is government owned company, the issue of profitability and productivity should be given due emphasis. This call for a research oriented analysis of marketing strategies adopted by the company. Such a study can pinpoint the strength and weaknesses in marketing of its product and helps in revising its marketing policies and strategies to keep the company competitive in the market. Therefore, the study acquires greater importance.

### **Objectives of the Study**

1. To analyze the growth and development of toilet soap industry in the world, in India and in Karnataka.
2. To provide a conceptual and functional analysis of marketing strategies.
3. To present a profile of KS & DL, Bangalore, so as to present its growth and development, its organizational structure, marketing strategies adopted by the organization and its performance.
4. To evaluate the Product, Price, Promotion and Distribution strategies adopted by KS & DL, Bangalore.
5. To suggest, in the light of the findings of the survey, the suitable measures for improvement in the marketing strategies of KS & DL, Bangalore.

### **The Secondary Objectives**

To explore the association of demography of consumers and their perceptions towards marketing strategies of KS & DL, Bangalore.

1. To examine the relationship, profile of channel members and their perception towards marketing strategies of KS & DL, Bangalore.
2. To identify and examine the association of demographic factors of employees and their perception towards marketing strategies of KS & DL, Bangalore.

### **Formulation and Testing of Hypotheses**

With the above objectives in view, the researcher formulated the following hypotheses for the empirical verifications, they are as follows

**Hypothesis: 1**

Ho1: There is significant association between demography of consumers and their Perceptions towards marketing strategies of KS & DL, Bangalore.

Ha1: There is no significant association between demography of consumers and their perceptions towards marketing strategies of KS & DL, Bangalore.

**Hypothesis: 2**

Ho 2: There is significant association between profile of channel members and their perception towards marketing strategies of KS & DL, Bangalore.

Ha 2: There is no significant association between profile of channel members and their perception towards marketing strategies of KS & DL, Bangalore.

**Hypothesis: 3**

Ho 3: There is significant association between demography of employees and their perception towards marketing strategies of KS & DL, Bangalore.

Ha 3: There is no significant association between demographic employees and their perception towards marketing strategies of KS & DL, Bangalore.

The above hypotheses have been tested and conclusions have been drawn with the help of data obtained from primary sources, using different statistical techniques like Factor analysis and Anova technique. The suggestions have been given accordingly.

**The Scope of the Study**

The present study covers the conceptual and technical analysis of marketing strategies and covers the growth and development of soap industry in World, in India and in Karnataka. However, for evaluating marketing strategies in toilet soap industry in Karnataka, the researcher has chosen KS & DL, Bangalore for case study. Therefore, the microscopic study confines itself to the evaluation of marketing strategies of KS & DL, Bangalore.

It is to be noted here that KS & DL, Bangalore, produces not only toilet soaps but also detergents. The marketing of detergents has been left out from the study, as the study relates only to marketing strategies of toilet soaps manufacturers. The brand name of the toilet soap being produced and marketed by KS & DL, Bangalore, is Mysore Sandal Soap, which is presented to the market in different varieties. The study, therefore, presents the in depth analysis of marketing strategies of KS & DL, Bangalore, adopted for marketing its Mysore Sandal Soap. The geographical area under study is confined to Karnataka.

**Research Methodology**

The present study is descriptive, analytical and explorative in nature and its design has been formulated as per the requirement of the study. The details of methodology adopted by researcher are as under:-

**Data Collection Method**

For the purpose of the study, the researcher has collected both primary and secondary data systematically. The primary data has been collected by structured questionnaire method. Three different questionnaires have been developed targeting different kinds of respondents, i.e. Consumers (End users), Channel members (including Stockiest, Wholesalers and Retailers) and the KS&DL employees.

Secondary data has been collected from the different unpublished sources like internal company records, and External published sources like Newspapers, Magazines, Websites, Centre for Monitoring Indian Economy [CMIE] reports and by reviewing prior research studies in journals and research articles.

The observation method has been used in few cases to cross-check the information collected through other methods.

### **Sampling design**

Convenience sampling technique has been used while selecting the employees of KS&DL, for responses. The questionnaires were administered to employees of different levels of various departments like Marketing, Production, and Finance and human resource department. So as to give proper representation for all the categories of employees.

Stratified sampling technique has been used for collecting data from the channel members of KS&DL and the consumers. For the sampling purpose, Karnataka has been divided into two strata, one stratum consisting of cities like Bangalore, Mysore, Mangalore, Hubli, Belgaum, Gulberga etc, which come under the administration of corporation. These have been considered as *urban market* in the present study. The other stratum consists of adjacent sub-urban and rural parts of Channapatna, Ramanagar, Chikkaballapura, Mallur, Shimoga, Hassan, Bidar, Raichur etc. which come under the administration of municipality and Village Panchayat. They have been considered as rural market in the study. While administering the questionnaires to the above two strata of respondents, Simple Random sampling has been used. In case of all the categories of respondents, efforts have been taken to give representation to different demographic factors.

150 employees, 204 channel members (Retailers, Wholesalers and Stockists) and 700 end users (Consumers) were administered questionnaires for collecting Primary data.

### **Data analysis and presentation of data**

The data so collected was properly classified, tabulated, analyzed and interpreted. While analyzing and presenting the data both primary and secondary data were used as complementary to each other. Frequency distribution method has been used to quantify the opinions expressed by the respondent on various issues relating to marketing strategies of KS&DL, Bangalore. The annual growth rate has been used to trace the year to year changes in respect of time series. Likert scale statements have been prepared to analyse the attitudes of consumers towards marketing strategies of KS&DL and to assess its competitive positions as against its competitors.

The statistical techniques like Descriptive statistics, Factor analysis and Anova test have been used for analysis and interpretation of data.

1. Descriptive statistics has been used for Demographic variables.
2. Factor analysis has been used for reducing the rating scale statements to arrive at minimum number of factors.
3. Anova technique has been used to test the Hypotheses to assess the association on Demographic variables and the Factors obtained.

### **Suggestions**

The opinions in respect of marketing mix strategy of KS&DL have been collected from three categories of respondents, namely consumers, channel members and employees. And the data so collected has been separately analyzed and interpreted.

#### **Suggestions based on analysis of data collected from customers.**

1. Majority of the consumers prefer conventional kirana stores to buy soaps. The company should expand its distribution selectively by identifying reputed shops in each locality of the rural and urban areas.
2. In the case of urban areas supermarkets and departmental stores are preferred by consumers after the kirana stores. The company should take steps to see that all kinds of supermarkets and departmental stores are considered while distributing the different brands of the soaps.

3. The major influencer to go for Mysore Sandal soap was self-experience by the consumers. The company can look for avenues for trials by the consumers such as 25gm and 50gm of soaps to be sold in hotels (lodging), in the petty shops near these hotels, during road shows etc. so as to make the consumers to try the soaps. This can be one of the most effective sales promotional activities of the company.
4. As far as the factor *Affordability* is concerned, the consumers feel that the soaps are priced at higher levels. To avoid switching of customers to other brands, the company should take initiatives for not increasing the prices of Mysore Sandal soaps. Instead, it should take measures of cost reduction to make it more affordable and competitive.
5. Certain customers have also expressed disagreement over size and durability of the soap. Therefore, the company should move in the direction of improving the size and shape of Mysore sandal soap.
6. As observed during the study the consumers expect some discounts on Mysore Sandal soaps. Therefore, to attract consumers, the company can offer some product discounts on Mysore Sandal soaps during occasions like festivals, slack seasons etc.
7. It is suggested that KS&DL can have Mysore Sandal soaps of sizes of the 75gms, 100gms and 150gms with different acceptable shapes for each size, unlike the present 150 grams only. The measures should also be taken to improve the durability of the soap.
8. Male and Female consumers have different opinions towards the factor *Association with brand*. The company should try to make efforts in the areas of advertising and promotion so as to improve perception of both genders towards Mysore Sandal soap.
9. Availability and Quality has significant difference in the opinions of consumers of different age groups. Since the consumers of different age groups shopping from different kinds of shops like kirana store, departmental store, supermarket and hypermarkets, it is suggested that the Mysore Sandal Soaps are made available in all these types of outlets.
10. Consumers of different educational qualification, occupation and annual incomes do not have significant difference in their opinions towards the factors. While designing the marketing strategies, the company need not consider these demographic variables as criteria.
11. It has observed that there is good deal of disagreement over the discount offered by the company to the channel members. Further, many of the channel members are not in favour of affordability of price of the product. Therefore, measures have to be taken for augmenting the facility of discounts and allowances to the channel members.
12. It has been observed that the company does not settle the claims of the channel members immediately with respect to the damaged goods. This has to be taken care of, as the retailers become suspicious about the accounting policies of the company.
13. It has been observed that, overall advertising and promotional measures of the company are not up to the mark, as has been opined by channel members. Channel members have also expressed dissatisfaction over display and advertising allowances. Therefore, it is suggested that the company should give greater attention for advertising and dealers sales promotion measures to increase the competitiveness against its major competitors.
14. The company should also give satisfactory advertising and display allowances as display happens to be very important medium, influencing the customers. The personal rapport of sales executives would also get strengthened with the channel members, which has long term positive results.
15. The company can have smaller and effective programs like press releases, drawing competitions and free health check up camps for school children, online advertisements which are the cheapest among all the media, glow sign boards for the bigger retailers on a sharing basis etc. in order to increase the image of the company in the minds of the channel members, they may think in terms of extending greater credit facilities to the channel members.

16. Since, both rural and urban retailers, irrespective of their duration of association with KS&DL, have similar opinions towards the factors, the company can have similar kinds of marketing programs directed these retailers.
17. It is suggested that the company should have different kinds of marketing programs for each type of the retailer, which would improve the satisfaction of the retailers.
18. The company can think of giving more trade discounts to the retailers as this would motivate the retailers to buy KS&DL soaps and also they would take interest in pushing the soaps to the end consumers.
19. The employees of all functional departments should be encouraged to give ideas in the areas like cost reduction, improving efficiency, reducing the overheads, reducing the selling expenses, pricing and discount decisions, quality issues, packaging etc.
20. The employees have significant difference in the opinions towards the factor, *pricing and external factors* the company should focus on training the employees of this demography so that they carry similar opinions towards the factor.

### Conclusion

The above suggestions have been made for the improvement in formulating and implementing of marketing strategies of KS&DL, to help the company, to augment its competitive efficiency and to promote its market share. But, in order to make the company acquire all round development, much more endeavors become necessary, as the company, as has been observed, confronts not only the problems of marketing but also the problems of production and administration. The problems of production like shortage of raw materials, conventional mechanical techniques, etc, can be overcome with the efforts in the directions of extending areas of cultivation of sandal wood and introduction of high tech machines.

The company, as has been observed, confronts competition from multi-national companies like manufacturers of Lux, Dove, Rexona, Cinthol, Hamam etc KS&DL is a governmental company and social consideration generally have role in decision making activities. But, at any cost the political considerations should not be allowed to dominant the economic and commercial considerations. The top executive should be given freehand to adopt professional approach in production and marketing management areas. It is necessary that the augmentation of productivity and competitive efficiency is given highest importance.

Thus, if marketing activities are oriented towards expectations of consumers by the proper formulation and execution of the same; if the efforts put forth for fulfilments of requirements and expectations of channel members'; if the continuous efforts considerations. The top executive should be given freehand to adopt professional approach in production and marketing management areas. It is necessary that the augmentation of productivity and competitive efficiency is given highest importance.

As has been observed, there is presence of high morale among the employees of the company. But it is necessary that the continuous efforts are undertaken to maintain the high morale of the employees by giving due recognition to the human elements at all levels of the hierarchy of the company. It is because they are the people who are in-charge of implementation of strategies of the company.

Thus, if marketing activities are oriented towards expectations of consumers by the proper formulation and execution of the same; if the efforts put forth for fulfilments of requirements and expectations of channel members'; if the continuous efforts are undertaken to maintain high morale of the employees and if productivity and the competitiveness are given due considerations, the company is sure to get itself well poised in the market to overcome the competition and reap higher returns.

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