

An Exploratory Study of Positioning of Cement Brands in Rajasthan

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Abstract

This study was undertaken during April - July 2018 in order to understand the brand positioning of cement brands and consumer behaviour in buying cement in Rajasthan, India. The present literature has very few papers on the topic of cement brands. From an initial set of 15 brands, a set of nine brands were chosen for analysis after an exploratory survey. The brands selected for analysis were Ambuja, UltraTech, Shree, JK, Binani, Nirmax, Wonder, Birla, and Coromandel cement brands. The multidimensional scaling (MDS) technique was used to plot a two-dimensional brand positioning graph using R. Besides positioning, this study also identified factors that are most influential in determining the choice of the cement brand selected by customers. The perceptual map showed three clear groups. Ambuja and UltraTech cement brands, which formed a group were preferred for major projects by engineers ; Wonder, Coromandel, and Binani cement brands formed another group ; and the rest of the brands clustered into a third group. JK brand appeared to be an outlier. This study also found that quality and brand reputation were the most influential factors in determining the brand choice. Price was a close third. We hope these findings would help both the manufacturers and the wholesalers with better consumer understanding to meet their expectations effectively.

Keywords : multidimensional scaling, cement brands, positioning, consumer behaviour

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The Indian middle class is witnessing growth and moreover, this growth is being witnessed across both rural and urban areas as well as in a majority of the states of India (Krishnan & Hatekar, 2017). This has led to increase in demand for dwelling units and a surge in construction activities (Grant Thornton, 2018). The construction sector has an important role to play in an economy and the same is the case in India. Consequently, the market is flooded with cement brands to meet the growing need.

India ranks second in the world in production of cement and according a report (Chepkemioi, 2017), India produced 322 million metric tonnes of cement in 2017 (Table 1) and is growing at about 5-6% annually. As per this report, Ultratech Cement commanded 22% of the domestic market followed by ACC and Ambuja with an estimated 15% and 13% market share, respectively. Residential real - estate construction is the biggest consumer of cement in India. Infrastructure and commercial real - estate construction in addition to industrial development are other cement users in the country (Chepkemioi, 2017).

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Table 1. Top 10 Cement Producing Countries in the World

Rank	Country	Cement Production
1	China	1.5 billion tonnes/yr
2	India	322.0 million tonnes/yr
3	United States	120.5 million tonnes/yr
4	Russia	114.4 million tonnes/yr
5	Vietnam	113.8 million tonnes/yr
6	Brazil	92.9 million tonnes/yr
7	Turkey	95.6 million tonnes/yr
8	Iran	88.4 million tonnes/yr
9	Indonesia	73.9 million tonnes/yr
10	Saudi Arabia	73.2 million tonnes/yr

Note. According to the listed cement capacity provided by the Beta version of the Global Cement Directory 2018.

Source: Compiled from Edwards (2017). Retrieved from <http://www.globalcement.com/magazine/articles/1054-global-cement-top-100-report-2017-2018>

The presence of a large number of cement brands, about 50 brands (see Appendix) provide an opportunity for research, which would be useful to the firms as well as to the traders. It would be of interest to understand the consumer behaviour, their perceptions, and the positioning of these brands in the market. The technology has empowered customers to search, review the brands before they purchase, and this has given rise to plenty of scope for empirical research in this area.

Literature Review

In the present era of intense competition, branding plays an important role. It has emerged as one of the important priorities for the top management. As is well known, brands have many roles to play, besides serving as an identifier and differentiator for the products or services offered by a firm, it makes it convenient for the customers to choose one brand over the other. It also provides an implicit promise of a particular quality level and trust. Further, branding also reduces the perceived risk faced by the customers. Brands are built on many marketing activities and there is a growing realization that they are one of the most valuable intangible assets that firms have (Keller & Lehmann, 2006). The increased importance of branding and its related activities has led the academic researchers to explore a number of branding aspects resulting in increased number of papers, articles, and books on brand - related topics. However, the search of extant literature on cement and cement brand related topics reveals that no or very little research has been done on consumer perceptions towards cement brands. The cement industry has been studied from the economics point of view due to the high cost of transportation of cement (e.g. Hortacsu & Syverson, 2007; Salvo, 2010). It was calculated that transportation costs around \$0.46 per tonne-mile in the U.S. (Miller & Osborne, 2014). In India, the selling and distribution costs account for around 18% of the sales revenues (Madkaikar, 2011). Because of its high cost in transporting cement, it has given rise to localized production and competition (Ryan, 2012 ; Salvo, 2010). This scenario is amenable for empirical analysis. Yet, presently, academic literature has very few papers on the topic of cement brands (Maity, 2017). This paper may be one of the first of its kind on the consumer perception towards cement brands.

It is often thought that branding is just a good name or symbol; whereas, it is actually formed when products and services are created (Gallimore, 2005). Though branding is important, there have been occasions when branding has not delivered as expected by the firm and has been less than successful. Marketers have explored newer areas of

branding such as corporate branding, service branding, and industrial branding. Branding strategies in the present era are following non-traditional methods to stay meaningful. Firms create brands to market their product or products. By the way of brands, the firms attract, keep, and grow customers by promoting value, prestige, and lifestyle. The brand image plays an influential role on the customers who identify themselves with that particular image. One of the key aspects for success in branding has been winning the trust of consumers (Panda, Swar, & Mukerjee, 2014). Research reveals that branding strategies vary across sectors; however, there is a trend towards corporate branding in all the sectors (Mann & Kaur, 2013) and thereby maintain a competitive advantage. Research has identified four corporate branding strategies as: (a) discretionary branding, (b) dispersed branding, (c) definitive branding, and (d) discrete branding. Some researchers have also pointed out the destructive side of branding (Bertilsson & Jens, 2018). Branding strategy development is one of the strategic executions to sustain a business in tougher competition (Rufaidah, 2016). Making use of present technology, companies are constantly engaged in their brand make overs (Agarwal, 2010).

Whatever the branding strategies a firm adopts, it has to be consistent, and at the same time, it has to be flexible. Another important aspect is that all the elements of branding need to be integrated to project a seamless image of a firm and its offerings. This integrated and coordinated look is necessary across all the marketing materials such as logo, business card, stationary, website, etc.

Branding strategies amongst different industries and varied sizes of firms have been studied. Considerable amount of literature exists on these topics. It is well understood now that although branding strategies are often built in a very different context amongst different sectors and different sizes of the firms, the development of the same may happen in a similar way (Rufaidah, 2016). In this study, no attempt, however, has been made either to study the branding strategy of the cement industry or suggest a branding strategy to the industry. There is a lack of understanding of positioning of different brands, particularly in the state of Rajasthan. Hence, in order to bridge this gap, this paper is limited to understanding the positioning of the different brands of cement in the state of Rajasthan in Western India.

Research Methodology

The data for this research were collected from the retail cement traders, contractors, builders, and the individual consumers during April - July 2018. The aim of this study is to find out the perception of the cement users regarding different brands. The data collection process was done in two phases. Initially, all the cement brands available in India were listed out. There are 90 companies and 90 brands of cement that are available in India. A secondary data analysis was undertaken to find out the brands that sell in Rajasthan. In the first filtering, from 90 brands, 15 brands were short listed. These are the brands that are known in Rajasthan. They are (a) UltraTech, (b) Shree, (c) Birla, (d) JK, (e) Wonder, (f) Ambuja, (g) ACC, (h) Binani, (i) Ramco, (j) OCL, (k) India, (l) Lafarge, (m) Chetak, (n) Coromandel, and (o) Nirmax. On doing an exploratory analysis of secondary data, it was found that brands such as ACC and OCL had not registered any sales at all in spite of the brands being well known to the customers. Hence, on the second filtering, the brands that did not have at least 4% of the total sales were dropped from the study, and finally, a set of nine brands were selected, on which we would further conduct our study to determine how they were positioned in the market. They were: (a) Ambuja, (b) UltraTech, (c) Shree, (d) JK, (e) Binani, (f) Nirmax, (g) Wonder, (h) Birla, and (i) Coromandel.

The second phase of data collection consisted of gathering both qualitative and quantitative data through a questionnaire. A total of 174 respondents consisting of retail cement traders, contractors, builders, and individual consumers were contacted and data were collected.

The questionnaire was designed to understand the customer perception towards the brands and also obtain information on their purchasing behaviour. The questionnaire was designed on the basis of similar studies on brand perception found in the literature. In order to do the perceptual mapping, a question consisting of a 9 by 9 matrix

was prepared, where the respondents were asked how similar they perceived a particular pair of cement brand to be. This question was presented to all the 174 respondents. Other questions that were designed to capture the consumer behaviour were given only to the individual respondents who were 93 in number.

The data from all 174 respondents were averaged and fed into the final matrix that was taken up for analysis. This matrix was used to plot the brand positioning graph (Figure 1) using multi - dimensional scaling. R is the software used for the entire analysis of the data collected for this study.

There were three other questions, which were aimed at gathering some information regarding consumer behaviour. The questions are :

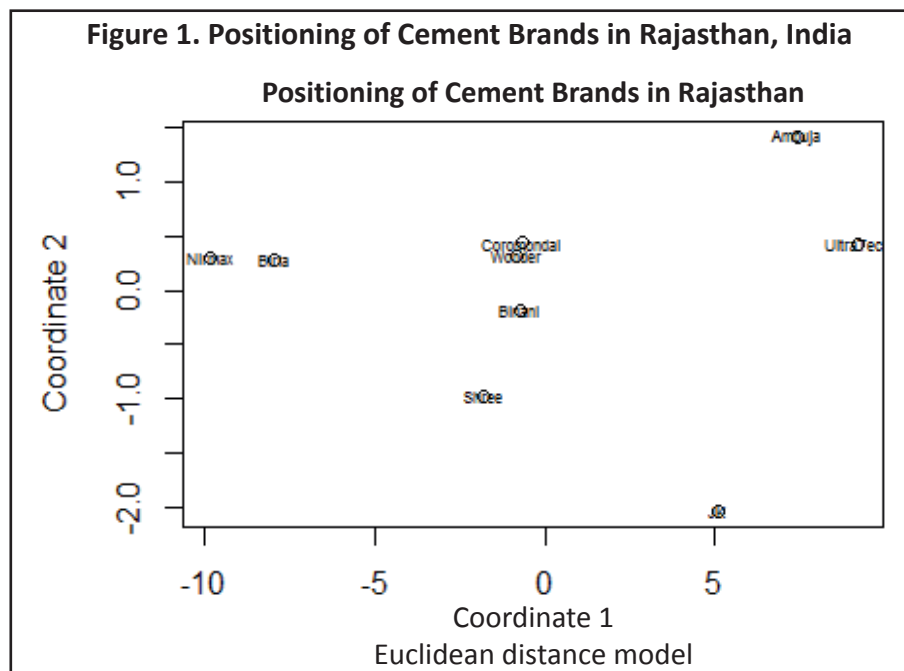
(Q - 1) What do you consider as the most important factor when you choose a brand of cement ?

- (1) Price
- (2) Availability
- (3) Quality
- (4) Brand Reputation
- (5) Convenience

(Q - 2) Who or what influences your decision on choosing a brand ?

- (1) Advertisements
- (2) My contractor
- (3) The retailer
- (4) Brand reputation
- (5) Price

(Q - 3) Have you purchased cement earlier? If yes, did you buy the same brand or a different one ?



Analysis and Results

The brand positioning graph obtained through multidimensional scaling (MDS) turns out to be a good fit. The value of goodness of fit turns out to be 0.9891022 or 99%. Studying the graph (Figure 1), we decided that the *X*-axis can be named as brand preference and *Y*-axis as brand trust. The analysis reveals that Coromandel, Wonder, and Binani brands of cement and to some extent, Shree brand form a cluster with similar kind of brand preference. Nirmax and Birla brands of cement form another cluster and Ambuja and UltraTech brands form a third cluster. JK brand of cement, though it enjoyed a good perception with the customers, but it lies as an outlier. These observations are also well supported by the sales data in this region.

One interesting observation is that though the people had very good perceptions about UltraTech cement, they thought it is good for major constructions and surprisingly, JK brand of cement, though it too had good perceptions, its sales did not reflect the same. Nirmax is a key player in North - East India, and its influence in Western India is limited. This is reflected by the brand preference of Nirmax in Rajasthan, which is low. Birla brand of cement, for some inexplicable reasons, also had low brand preference; however, both the brands have substantial sales volume. This may be due to recommendation and promotion of these brands by the contractors or builders as revealed in the other questions.

🔗 **Response to Question 1 :** Quality and brand reputation have a tie (mean = 3.2) as the most important factors while choosing a cement brand followed by price (mean = 2.4). The respondents rated convenience as the least important (mean = 1.1) factor.

🔗 **Response to Question 2 :** The second question pertains to the factors that influenced the customer's choice of brand, and it turns out that most of the customers said that their contractor or the builder (mean = 3.8) chose the brand for them. The second influential factor turns out to be price (mean = 2.9) again.

🔗 **Response to Question 3 :** In the question three, we wanted to measure the loyalty status of the customers. It turns out that only 43% of the customers bought the same brand again. We felt that the time gap between two purchases were long and might have given rise to different conditions resulting in consumers choosing different brands on different occasions. This, however, needs to be investigated further as the data collected in this study does not answer this hypothesis.

Managerial Implications

Traditionally, branding played a major role for B2C products and has now become important even for B2B products in this era of globalization (Dasari, 2009). In spite of certain limitations to this study, it is not without value; it is useful for Birla and JK cement brands. They can explore and correct their situation. Both the brands can undertake some good advertising campaign to improve the brand perception and sales, respectively. Though Ambuja and UltraTech enjoyed good sales, their perception is that they are the brands for major projects. They can position the products more accurately so as to sell to individual customers. ACC brand of cement, though nationally significant, has no presence in Rajasthan. Finally, the building contractors and retailers play an important role in influencing the customers. In most consumer industries, retailer brands and manufacturer brands are interdependent on each other. Retailers use manufacturer brands to generate consumer interest, patronage, and loyalty towards a store, and manufacturer brands act as a tool to attract customers to the retail stores (Ailawadi & Keller, 2004). Due to the impact of branding, an increased understanding of the perceptions of branding by the management is essential (Horan, O'Dwyer, & Tiernan, 2011). Companies have recognized the importance of brand personality in the development of brand equity (Ahmad & Thyagaraj, 2015). The cement manufacturers can

accordingly plan their marketing strategies. Further, as the transportation cost is significant, and impacts the profits, the companies can keep this mind in while setting up their distribution networks.

Limitations of the Study and Scope for Further Research

There are few limitations to this study. The first one is that the data collected is limited to districts of Rajasthan and hence, cannot be generalized for the entire country. It is suggested that the sample collected from different parts of India would give a better picture of Indian cement brand positioning in India. Also, for accurate positioning, one should take into account all the brands that are available in a market. However, in this study, few brands with less sales were dropped for the sake of convenience. This is the second limitation of this study. The third limitation is the sample size. Though many studies support that a sample size of 100 or more collected randomly is good enough for analysis, a bigger sample size would have been better in this study as the sample was a convenience sample.

Further research can be carried out to find the optimum positioning strategy for a brand. Also, as different brands carry different images, a correlation between brand image and brand positioning can also be studied.

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Appendix. List of Cement Companies

1.	ACC Limited	46.	Mancherial Cement Ltd.
2.	Aditi Industries	47.	Mangalam Cement Ltd.
3.	Ambuja Cement Ltd.	48.	Mawmluh Cherra Cements Ltd.
4.	Anjani Portland Cement Ltd.	49.	Meghalaya Cements Ltd.
5.	Asian Concretes Cement Ltd.	50.	MPL Cement and Sponge Private Ltd.
6.	Bagalkot Cement & Inds. Ltd.	51.	My Home Industries Private Limited
7.	Bharti Cement Corpn. Pvt. Ltd.	52.	Nuvoco Vistas Corp. Ltd.
8.	Bhavya Cement Ltd.	53.	OCL India Ltd.
9.	Binani Cement Ltd.	54.	Orient Cement
10.	Birla Corporation Ltd.	55.	Panyam Cement & Mineral Industries Ltd.
11.	Cement Corporation of India Ltd.	56.	Parasakti Cement Ltd.
12.	Century Textiles and Industries Ltd.	57.	Penna Cement Industries Ltd.
13.	Chalukiya Cements	58.	Prism Johnson Ltd.
14.	Chettinad Cement Corpn. Ltd.	59.	Purbanchal Cement Ltd.
15.	Creative Housewares Pvt. Ltd.	60.	R.V.R Exports and Imports
16.	Dalmia Cement (Bharat) Ltd.	61.	Rain Cements Ltd.
17.	Deccan Cement Ltd.	62.	Reliance Cement Company Private Limited
18.	Emami Cement Ltd.	63.	RNB Cements (P) Ltd.
19.	Goldstone Cements Ltd.	64.	S.A.L. Steel Limited
20.	Green Valliey Industries Limited.	65.	Sagar Cement Ltd.
21.	Gujarat Sidhee Cement Ltd.	66.	Sanghi Industries Ltd.
22.	H K Cement Industries Private Limited	67.	Saurashtra Cement Ltd.
23.	HeidelbergCement India Ltd.	68.	Shiva Industries
24.	Hemadri Cement Ltd.	69.	Shivalik Cement Industries
25.	Hemawati Cement Industries	70.	Shree Cement Ltd.
26.	India Cements Ltd.	71.	Shree Digvijay Cement Co. Ltd.
27.	J & K Cement Corporation	72.	Shree Jagjothi Cement Ltd.
28.	J.K. Cement Ltd.	73.	Shri Keshav Cements and Infra Ltd.
29.	J.S.W. Cement Ltd.	74.	Shri Lakshmi Industries
30.	Jagdamba Industries Limited	75.	Shri Ram Industries
31.	Jaiprakash Associates Ltd.	76.	Shriram Cement Works
32.	Jammu & Kashmir Cements Ltd.	77.	Sree Jayajothi Cements Pvt. Ltd.
33.	Janta Cement Industries	78.	Srikalahasthi Pipes Limited
34.	Jay Shree Kripa Cement Pvt. Ltd.	79.	Star Cement Limited
35.	Jindal Shakti Cement	80.	Sunrise Cement Industries
36.	JK Lakshmi Cement Ltd.	81.	SVS Cement Products
37.	K. J. S. Cement Ltd.	82.	Tamil Nadu Cements Corpn. Ltd.
38.	K.C.P. Ltd.	83.	Tatachemicals Ltd.
39.	Kakatiya Cement & Sugar Industries Ltd.	84.	UltraTech Cement Ltd.
40.	Kalyanpur Cements Ltd.	85.	Uma Cement Industries
41.	Kamdhenu Cement Ltd.	86.	Vadraj Cement Ltd.
42.	Kesoram Cement	87.	Viket Sagar Cement
43.	M/S. VIJAY CEMENTS	88.	Wonder Cement Ltd.
44.	Madras Cements Ltd.	89.	Zuari Cement Ltd.
45.	Malabar Cements Ltd.		

Source: Compiled from India Brand Equity Foundation (2018)

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