

MAPPING OF CEMENT COUNTERS OF RAICHUR TALUKA AND MARKET PROFILE.

Avinash R. Teggimani
 Territory Sales Executive
 United Beverages Limited, Bellary
 +91 9886636333 | avinash.rt38@gmail.com

Abstract

In India, infrastructure sector is rising with the increasing income of public. The cement sector contributes highest to infrastructure segment in the current scenario.

The segments to do research on were market potential. As being a market potential, through the current existing cement brands and evaluate their market share. For this research visits to various places, such as Dealer outlets throughout Raichur taluka and retailers of the area.

The survey of dealers was done in order to find out

- The demanded of product in the market.
- The average sale per month/ Consumption.
- Storage facilities of the outlets.
- Average stock status at the outlets.
- Service ability provided to the end customer.
- Branding of sellers place.

Keywords : Cement industry, consumption, dealer, retailer, cement brand

OVERVIEW OF CEMENT INDUSTRY :

Cement Industry has grown much in last ten years. This sector has recorded a CAGR of 8%, against the world cement industry average of 3.5% and China's cement industry growth rate of 7.2%. Today cement industry has become the second largest cement producer in the world after China. Industry to grow at 5-6 per cent CAGR between FY17 – FY20 (source: Business Standard, Ministry of External Affairs, Ministry of External Affairs (Investment and Technology Promotion Division ,(<https://www.ibef.org/industry/cement-india.aspx>) With cement production capacity of nearly 420 million tonnes, as of July 2017. Over the past few years the cost of cement production has grown at a CAGR of 8.4%. The government has considered spending more than US \$500 billion on infrastructure in the 11th five year plan. Apart from this railways, urban infrastructure, ports, airports, IT sector, organized retailing, malls and multiplexes will be the main sectors driving the demand of cement in the country.

Research objectives:

1. To understand the cement consumption in Raichur taluka.
2. To know the brand-wise market share of Cement.

Limitations: All the findings are based on the information provided by respondents and are subjected to potential bias and prejudice of people involved.

DIFFERENT TYPES OF CEMENT

There are different varieties of cement based on different compositions according to specific end uses namely Ordinary Portland Cement, Portland Pozzolona Cement, Portland Blast Furnace Slag Cement, White Cement and Specialized Cement. The basic difference lies in the percentage of clinker used.

Ordinary Portland Cement (OPC)

OPC, popularly known as grey cement, has 95% clinker and 5% of gypsum and other materials. It accounts for 70% of the total consumption. White cement is a variation of OPC and is used for decorative purposes like rendering of walls, flooring etc. It contains a very low proportion of iron oxide.

Portland Pozzolona Cement (PPC):

PPC has 80% clinker, 15% Pozzolona and 5% gypsum and accounts for 18% of the total cement consumption. Pozzolona has siliceous and aluminous materials that do not possess cementing properties but develop these properties in the presence of water. It is cheaply manufactured because it uses fly ash/burnt clay/coal waste as the main ingredient. It has a lower heat of hydration, which helps in preventing cracks where large volumes are being cast.

Portland Blast Furnace Slag Cement (PBFSC)

PBFSC consists of 45% clinker, 50% blast furnace slag and 5% gypsum and accounts for 10% of the total cement consumed. It has a heat of hydration even lower than PPC and is generally used in construction of dams and similar massive constructions.

White Cement

OPC: clinker using fuel oil (instead of coal) and with iron oxide content below 0.4% to ensure whiteness. Special cooling technique is used. It is used to enhance aesthetic value, in tiles and for flooring. White cement is much more expensive than grey cement.

Specialized Cement

Oil Well Cement: is made from clinker with special additives to prevent any porosity. Rapid Hardening Portland cement: It is similar to OPC, except that it is ground much finer, so that on casting, the compressible strength increases rapidly. Water Proof Cement: OPC, with small portion of calcium stearate or non-saponifiable oil to impart waterproofing properties.

LITERATURE REVIEW:

It is a guiding tool for researcher for getting best understanding of the research methodology, database, appeasement of results. Previous studies also explore us current and future avenues to the subject matter.

Nair N.K (2001) has studies the productivity aspect of Indian cement Industry by emphasising that cement being construction material, occupied a strategic place in the Indian economy. The study has forecasted about 100 million tonnes growth with the next five years.

Chandrashekhara N (2004) has studied about the market structure of the India cement industry. The demand and supply gap has drastically reduced and supply of the cement during the period increased due to creation of additional capacity and capacity utilization.

Industrial Researcher, (2099) identified that the consumption pattern of cement has shown a drastic change in upwards trend. Individual and Government are the two types of buyers.

Rajamohan .S and Vijayaragavan T. (2008) have studied on production performance of Madras Cement Limited. it can be analyzed the comparative production performance of Madras cement and all other cement companies in India. Statistical method Mann-Whitney U-test was applied. The results of analysis indicated that the production performance of selected unit was equal to production performance of all other cement units in India.

RESEARCH METHODOLOGY

The aim of marketing is to satisfy customers' needs and wants. Analysing the market potential helps in many ways.

1. Ascertain the demand in the particular market.
2. Predominantly know the current market share and devising plans to improve the market share.
3. Dealers & retailers information.
4. Also to know the current position of the market area.

OBJECTIVES OF THE STUDY :

1. To understand the cement consumption in Raichur taluka
2. To know the brand-wise market share of Cement

Research Method:

Type of study	: Exploratory
Source of data collection	: Primary
Population	: Dealers and retailers of study area (Raichur taluka)
Sampling unit	: Individual respondent
Sampling method	: Censes
Sample size	: 81 Dealer : 64 Retailer: 17
Tool of data collection	: Structured schedule, Interview
Statistical techniques	: Charts, graph, percentiles

DATA COLLECTION :

The following were the ways through which he primary data is collected

- Direct Visits to retail shops.
- Interview to the dealers.

NATURE OF STUDY :

The research study was totally exploratory in nature. The feedbacks from the dealers and the customers regarding the cement products and the services provided by cement brands were collected. Under this process the visit to Dealers & Retail outlets in study area.

ANALYSIS AND DATA REPRESENTATION

Objective : Understanding the total cement consumption in Raichur taluka.

Table 1: Overall cement consumption per month.

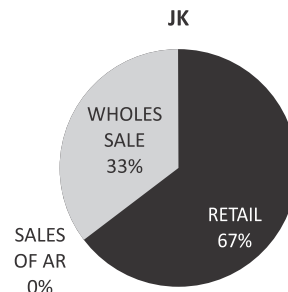
Sales Category	MT	Percentages
RETAIL	4840	53.51 %
SALES OF AR	3120	34.49 %
SITE SALES	40	00.44 %
MASON SALES	885	09.78 %
ENGINEER SALE	40	00.44 %
OTHER SALES	120	01.33 %
TOTAL	9045	100.00 %

The consumption of cement in study area is distributed into authorized sale to retailer is 54%, retailer is 35%, sale to mason is 10%, other sales is 1%, site sales & engineer is 0.4%.

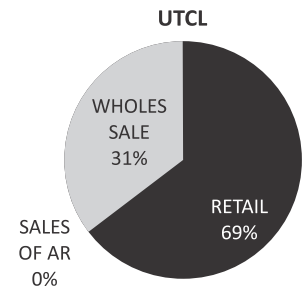
Table 2: Brand wise sale in MT.

Sales category	JK	UTCL	CCI	OTHERS
RETAIL	405	895	2975	1840
SITE SALE	0	0	0	0
WHOLESSEALE	200	410	1640	680
TOTAL	605	1305	4615	2520

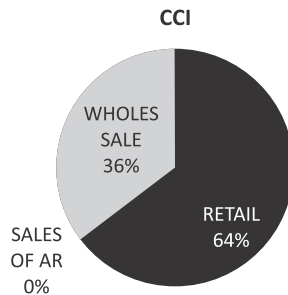
Graph 2: Brand wise sale JK Cement



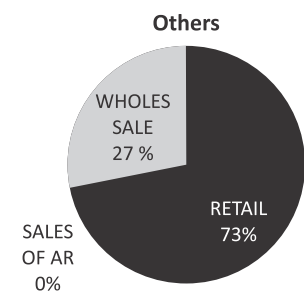
Graph 3: Brand wise sale UTCL



Graph 4: Brand wise sale CCI



Graph 5: Brand wise sale Others

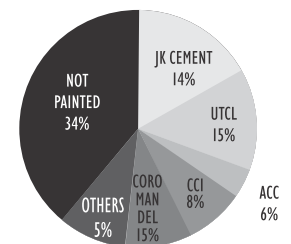


From graph 2, a retail sale is 67% & wholesale sale of JK Cement is 33%. From graph 3, retail sales of UTCL is 69%, wholesale sales is 31%. From graph 4, a wholesale sale of CCI is 36%, a retail sale is 36%. From graph 5, The other brands retail sale is 73%, wholesale sale is 27%. Finally, from all 4 graphs we can pectoris that retail sale cover more than 60% of total sales, followed by wholesale sales and with minimum contribution of site sales.

Table 3: Brand painted on shop.

Brand names	Count
ACC	05
CCI	12
COROMANDEL	09
JK CEMENT	11
NOT PAINTED	28
OTHERS	04
UTCL	12

Graph 6: Brand painted on shop BRAND PAINTED ON SHOP

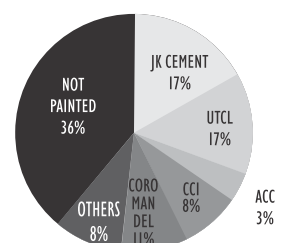


From graph 6, 34% not painted any brand, 15% of UTCL & Coromandel has been painted on shops, 14% of JK Cement, 11% of CCI has been painted, 6% of ACC has been painted, and 5% of other brands have been painted.

Table 4: Brand painted on Godown.

Brand names	Count
ACC	1
CCI	4
COROMANDEL	3
JK CEMENT	6
NOT PAINTED	13
OTHERS	3
UTCL	6

Graph 7: Brand painted on Godown BRAND PAINTED ON GODOWN



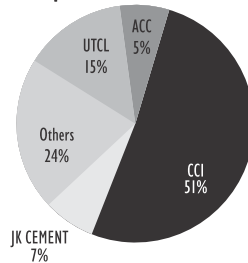
From graph 7, which shows that 36% has not been painted, 17% of JK & UTCL has been painted, 11% of Coromandel, 8% of CCI has been painted, 8% of others brands has been painted & 3% of ACC has been painted on godowns.

Objective: To know the brand-wise market share of Cement

Table 5: Overall market share

Brand names	Cement in MTs
ACC	906
CCI	9430
JK CEMENT	1276
OTHERS	4475
UTCL	2403

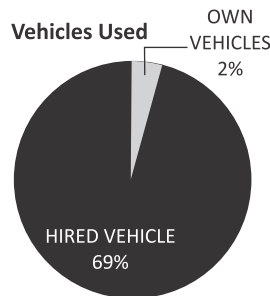
Graph 8 : Market share



From Graph 8, Market share of CCI is 51%, whereas, UTCL has market share of 13%, acc 5% AND other brands has 24% of market share while market share of JK Cement is 7%.

Table 6: Vehicles Used

Vehicles	
Own vehicles	2
Hired vehicle	79



From graph 9, we know that 98% of dealers use hired vehicle & 2% uses their own vehicle.

Table 7: Cash V/s Credit.

	SALES / MONTH IN PERCENT
CASH	55%
CREDIT	45%

From table, we know that 55% of dealers make cash transactions & 45% of dealers make credit transactions.

Table 8: Maximum consumer

FIRM NAME	CEMENT IN MTS
Vishnu Traders	300
Shanti Steels & Sanitary Syndicates	700
Ahmed General store	600
Sri Sugareshwar Traders	350
Basava Enterprises	600
Sri Raghavendra enterprises	400
Devsugareshwar Enterprises	300

Table 9: Market scenario

District name	Taluka name	Market potential	No. of Dealers	No. of Retailers
Raichur	Raichur	9045	64	17

Table 10: Demography details

Taluka	Population	Potential	Brand Preferred	Demography
Raichur	3,32,456	9045	CCI, JK Cement, UTCL, Coromandel king, Sagar cement, Birla cement	Agriculture, Educational Trusts, Businesses, Paddy Industry

FINDINGS

- Total Raichur taluka has cement potential of 9045MTs.
- MARKET SHARE in study area :
 - ACC is 05% ad JK with 07%
 - UTCL with 13%
 - CCI with 51%
 - Others with 24%
- Raichur is completely covered with CCI Cement while JK & ACC Cement have weak network and presence in the market covered.
- Cash transaction in the area is better and credit transaction has less compared to cash transaction.
- Branding activities carried out by JK is very high in this region.
- Majority of dealers look rely on credit factor provided by companies wherein in finance gets blocked, dealers cannot avail cash discounts.

CONCLUSION :

Overall conclusion after research was that JK & ACC holds the weak position in Raichur taluka region with a market share of just 7%. JK has a good market presence but they need to increase their counter share which would in turn help in increasing the market share.

The low brand cements such as CCI, Ratna, Sagar, Anjane, Nagarjun etc. would always be a threat as they may be substitute product at low price. They enter the markets with short term goals.

JK cements carries out "Customer technical service" which helps its dealers to carry out good sales volumes. The Techno marketing introduced recently helps out in getting large quantity orders of SLABS and FOUNDATIONS & will assist mason on working.

UTCL & Coromandel have very good branding in the form of Shop painting. JK cements very good wall paintings form of advertisements carried out which helps in pull sales in rural area.

Bibliography

- BMR Advisors, "Global Cement Industry", 2008, Available: <http://www.bmr advisors.com/budget2010/infrastructure-realestate.html>
- Joel Rebello, "large cement companies under pressure as regional rivals grow", Feb. 3, 2010. Livemint. Available :<http://www.livemint.com/2010/02/03000145/Large-cement-companies-underp.html>. [Accessed: Apr 7, 2017]
- Philip Kotler, "Marketing Management", pg 223*25 Edition: 11th ed. Publisher: Prentice Hall, Date published: 2002 ISBN*13: 9780130336293 ISBN:0130336297.
- P.K. Ghosh, "Strategic Planning and Management", Sultan Chand & Sons, New Delhi (2001)
- Marketing in Indian Economy. News Bulletin of NIREC (ICWA) Indian Management NPC)
- Business World
- Business India
- (2017, Feb 25). Global cement.<http://www.census2011.co.in/census/district/264-raichur.html>. (n.d.). Retrieved Apr 22, 2017, from 4. <http://www.census2011.co.in>.
- www.ultratechcement.com.(n.d.).Retrieved Mar 10, 2017, from www.ultratechcement.com.
- Website,C.(n.d.).www.jkcement.com.Retrieved Mar 11, 2017, from www.jkcement.com.
- (n.d.). Retrieved Apr 01, 2017, from www.acclimited.com.
- www.cmaindia.org.(n.d.).Retrieved Apr 10, 2017, from www.cmaindia.org.
- (2017, Apr 18). World cement, pp. 12-17.
- "Cement", July 2017 [online]. Available: <http://www.ibef.org/industry/cement.aspx>.