

AUDITING MARKETING PRACTICES OF THE COMPANY AND GIVING RECOMMENDATIONS

INTRODUCTION

My Employer - Engineers India Limited is a construction design and engineering consultancy, specializing in Oil and Gas Production and Processing, LNG Terminals, Petrochemicals, Ports and Infrastructure Projects. Company desires to grow in these core business areas remain a high profit business.

EIL's current portfolio includes: (1) Refinery up gradation and expansion projects (2) Pipelines, Terminals and Storages (3) Infrastructure Sector Projects. EIL is working on Government Projects on National Highways, Air Ports, Special Economic Zones, Bharat Nirman Yojna, Metro Rail, etc

EIL enjoys branding as company of national significance with high credibility/comfort particularly with other PSU clients. It has a balanced portfolio and is keen to exploit Research and Development Advantages.

From marketing point of view, key strengths of of EIL include: (1) Good National Reputation (2) Diversified Skill and experience engineering work force (3) Overseas Presence - Middle East, Africa and Asia and (4) Strong Internal Processes and time tested high standard work system

According to an informal estimate, EIL spends about 2% of its turnover onto research and development initiative in areas of upgradation of existing technologies, hydro-processing, clean coal, bio fuel and heavy oil processing. In words of Mr Sudhir Saxena (from EIL's corporate planning) "EIL's R&D is 'Lab-to-Land' and

involves process improvement and equipment designs.”

INDIA - MARKET CONSIDERATIONS

Oil Consumption Statistics: India is fifth largest consumer of energy after (1) US (2) Russian Federation (3) China and (4) Japan. Further, dependence of India on Energy sources is Coal (51%), Oil (37%), Gas (8%), Nuclear (2%) and Hydro (2%) (Source: Internet).

MARKET STRATEGY - KEY PARAMETERS

Marketing strategy of EIL is based on in view of:

- Current Achievements of the company
- New Business Prospects – Potential and Prospective segments
- SWOT Analysis of the Existing Business
- Growth of Business based on EIL’s R&D capability and Technology Edge

In case of Engineers India Limited – it is corporate performance and profitability that drives EIL’s growth.

FUTURE BUSINESS TRENDS

INDIA – TRENDS

Upon data analysis and market research, EIL foresees following trends in India:

- Investments for New Refinery are expected to decline
- Investment Oil and Gas are expected to be robust for at least next five years.
- Rate of increase of energy consumption in India will be higher than the corresponding worldwide rates of increase across all types of energy.
- Rate of increase of energy consumption through Gas and Nuclear energy will be particularly higher.
- Infrastructure Development in the country.

GLOBAL – TRENDS

Economists claim: India and China will lead the world by about 2040- 2050. The two countries comprised half the world's wealth before 1700, and then were devastated by foreign occupation and other factors. India became independent in 1947, and China's - "People's Republic" in 1949 - it then took them another 50 years to achieve a good growth rate, and they are now growing faster than any other country.

Keywords for Today's India are: Globalization, Multiculturalism, IT Revolution, and Convergence of Politics with Social Interests, Economy and Culture.

World is distributing its work: India is becoming IT Hub, China is becoming world's factory, Gulf is already world's oil reserves, France is hub for fashion, America is world's war and weapon industry and of course Afghanistan and Pakistan are world's terror factory. Open Market, Free trade practices are resulting in boundary less economics.

MARKETING STRATEGY

For continued growth, EIL is diversifying its Portfolio into new areas of Infrastructure like development of Special Economic Zones, Nuclear Power Plants, Air Ports, Urban Buildings, Sports Stadiums, Highways, Water Resources and Management and Solar Power. Basically, Long term goal is to go beyond energy, and cover areas such as Petrochemicals, Pipelines and Strategic Storages.

Company seeks global energy outlook encompassing petroleum and other liquid fuels, natural gas, coal and electricity etc. Threats for EIL's worldwide business include (1) Increasing Global Competition (2) High Salary packages by competitors and (3) Investment in Refinery not to grow beyond 2011 (4) Economic Slow down

Additionally, for long term business, new avenues of EIL are (1) Strategic Storage (2) Institutionalization of Oil Storage in India to manage Oil Peaks, and (3) Shortages and Price Risk Management and also (4) Pipeline network for IT infrastructure.

QUESTIONNAIRE FOR CURRENT MARKETING STRATEGY

Marketing Strategy of the company needs to be evaluated at three levels: Company Level, Industry Level and Macro Level - Some brain storming questions for bringing in clarity are:

- (i) How does the EIL plan to grow further?
- (ii) Does the EIL plans to launch new services? Do we need any change in pricing?
- (iii) Are their plans in place to increase company revenue?
- (iv) Are there any mergers, acquisitions and joint ventures possible?
- (v) What techniques are used to attract new consumers?
- (vi) What is the impact of changes in the market? What is the economic climate now and in the next couple of years?
- (vii) Who are the company's competitors? How does the company handle the competition?
- (viii) Does the EIL have an edge over the competition? How can EIL build or strengthen its own brand?
- (ix) What promotional techniques does the EIL implement?
- (x) What kind of personality do we want to portray in our communications?
- (xi) Can EIL take advantage of its experienced retired employees?
- (xii) Can we do outsourcing?
- (xiii) How to protect core business areas and aggressively look for business opportunities globally? What is the global market opportunity? What is the global market size?
- (xiv) How can the market be segmented into logical customer groupings?
- (xv) What are the key industry trends that are fuelling our success? What industry trends can inhibit our success?

- (xvi) Is business or market affected by business cycles?
- (xvii) What market segments are we not targeting and why?
- (xviii) Are there any issues or concerns that the target audience might have regarding this type of product or service?
- (xix) Which international competitors have the largest market share within our target market segments? Which international competitors have the greatest visibility with our target audience?
- (xx) Are EILs offerings are designed to fill India's need only? Or are the associated benefits for all companies and countries? What new offerings would our customers most like us to develop?
- (xxi) What does share market identified us as and believe about us today?
- (xxii) Does our Marketing Strategy includes stress on innovation, EILs R & D, Brand Management and PR and Media Relations?
- (xxiii) Similarly For Global Operations – Exploration and Production of Petroleum Products, EILs marketing strategy needs to be analyzed from three dimensions:
 - a. Cost Leadership – Comparing Prices.
 - b. Differentiation Strategy and
 - c. Focus Strategy

MY RECOMMENDATIONS

The New Marketing Strategy must address these concerns. There is a need to (1) Research foreign markets (2) Analyze their competitive advantages (3) Decide on New Markets to Serve and derive at a market mix.

Time has changed since inception of EIL. Therefore Business and Marketing Strategy must incorporate change include sensitivities of current time and social attitudes so that company exists as a responsible company. People today are seriously concerned with (1) Environment Issues (2) Ethics and Social

Responsibility of Corporate (3) Health and Safety and (4) Animal Welfare

GREATER RESPONSIBILITY OF A PUBLIC SECTOR COMPANY

EIL is a public sector company. Therefore it has a strong social responsibility – towards nation building. For purpose of the company can not be just profit making but a greater sense of social responsibility and nation building.

Traditional Business motto of India is “Shubh Labh”: Shubh means benefit and betterment of everyone which must be combined with Labh meaning profit. India is not ruled by profit maximization but to pursue our aims profitably.

Further Efficiency cannot be the sole objective of economic activities. Values like welfare and sustainability also count. If Companies are social entities (as community or family) then they must justify their existence by becoming instruments of social progress.

Since by Product Life Cycle Theory the refinery business has reached maturity in India. However the EILs working is standardized and reached high quality level, therefore it can look out to foreign markets.

FOR GLOBAL BUSINESS ACTIVITIES

EILs global marketing Strategy must subset of Business Strategy. EIL must consider business strategic decisions of Takeover, Mergers and Acquisitions. There must be new services and strategy for Four P(s) that is Price, Place, Product and Promotions.

EIL can enter into international business for three reasons (1) Market Seeking Motive (2) Cost Reduction Motive and (3) Strategic Motive.

For New Market Penetration and Overseas operations, EIL needs to consider: (1) Comparing of pricing with compared to other countries, (2) Government actions, (3) Demographic Changes, (4) Cultural Trends, (5) Strategy for Business and Marketing.

EIL can also venture out to find construction work in countries where there is cheap labor. It can take advantages of favoring tax structure, Government incentives that exist in other country to set up assembly and fabrication units.

DIFFERENT TYPES OF FUTURE BUSINESS OPTIONS

EIL can look in for (1) Exporting of its patented technology and look for counter trade options with respect to its project management facilities and licenses of other technical companies.

International Contracts not just for Project Management Consultancy but for setting up of refinery units but also Management Services Contract for Operations of Refineries, Petro chemical Plants etc. Joint Ventures, Turnkey Projects and Mergers and Acquisitions could also be used for a greater future advantage.

Setting up of foreign subsidiary construction units can also be done to reduce transpiration cost from strategic point of view. EIL should venture overseas for long term Strategic reason. Take advantage of countries specialized assets like oil and gas storages etc. Which can further be exported from this strategically significant location to other countries.

NEED FOR INNOVATION FOR NEW BUSINESS MARKETS

How Innovation can help? India needs Ideas that have social and financial progress: Don't wait for Electricity to reach Villages, Create Solar Power, Wind Power with Battery Power - There is huge market and long term profit as well!

Today is the best time to innovate: Creativity and Innovations are the brightest side of business. Knowledge is doubling every 10 years. Today the time between realization of an idea and its delivery in market is the shortest it has ever been in history.

Start with the basic – Find avenues to use the Distribution Network of Pipelines EIL has laid all these years can be used of IT, Telecom and Electricity.

On a larger level - we need to synthesize business and society, rural development with urbanization, transformation with economic and social development. Another

Example: let us take three problems (1) Burden on urban infrastructure is increasing with people migrating from small towns to big cities. (2) Illiteracy in India and (3) Urbanization/Township Planning.

Now we synthesize township planning, with education to make an education city – where various school, colleges, universities are constructed in nearby locations for city development purpose. A similar thought can be applied to setting up of SEZ etc.

Today, we need inclusive business activities which combine rural development with urbanization, transformation with education and financial growth with social development. Also, If companies are social entities then they must justify their existence by becoming instruments of socio-economic progress.

Future of India is dependent upon innovation of science and technology. Good future of India is dependent upon coming together of social reform, with innovation of business, particularly from innovations of science and technology.

In the name of creating a better India by better thinking and doing better business!

- Nitin Mendiratta

Sources of Information

- (1) Discussion with Shri Sudhir Kumar Saksena (Corporate Planning, EIL)
- (2) Self Study and Analysis
- (3) Internet

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