

Hcl marketing stratergies assignment

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Later there was limited choice for mostly products and companies didn't have to put much efforts to sale their product. But today's scenario is totally different. Consumers have choice because of availability of varieties and options. We can say today's consumer is the king of market. So it is important to know his buying behavior and try to fulfill his demand.

Company's aim should be customer delight not costumer satisfaction. The purpose of this dissertation project is to know the marketing strategies which HOC Manifestoes Ltd. Sees to become the market leader in the field of Personal Computers and Different marketing strategies adopted by HOC to compete with others. HOC Manifestoes how much is fulfilling the customer needs and try to sale the maximum of personal computer This dissertation report making was really good learning period for me. I got opportunity to know the theoretical knowledge related to marketing strategies. This dissertation report is part of course of PAGE program, which is set by CACTI, and it is necessary for every student to under go for dissertation project.

This project report is also made for submission to Institute of Management Education, Sahib's. Sustains including in this report are research methodology, analysis of activities, conclusion and bearing from this project Bibliography is also given in last to know from where information has been taken to complete this project. I hope this project will serve the purpose. IT
HARDWARE INDUSTRY: AN INTRODUCTION The Indian IT industry is, undoubtedly, a shining Jewel in the country crown. The achievements of our IT companies have earned us the respect of the most developed nations of the world.

The skills, ingenuity, dedication and drive of our young IT professionals is acknowledged worldwide. Today, there will hardly be a company of any stature anywhere in the globe where Indian IT professionals are not making a stellar contribution. However, most of the growth in IT has been in the software services and support segment. I do believe that if we are going to continue our thrust and growth in the IT industry, it is imperative that we develop a robust hardware industry and emerge as an important destination for high end product development.

While software development has been the more visible face of our IT industry, we cannot deny the fact that ultimately it is ‘ hardware’ that runs the ‘ software’. While ‘ hardware’ is of no use without software, the converse is also equally true. The development of a vibrant ‘ hardware’ industry in India has been lagging behind on account of various factors. The underlying fact is simple. Unless companies are able to manufacture products that can compete with the world’s best in quality and unless they manufacture in volumes that make them cost efficient and globally competitive, they will not survive.

A major bottleneck in the development of the ‘ hardware’ industry has been the lack of a strong local component industry. It is my humble suggestion that the government, both at national and state levels do everything in their power to promote such industries so that by the end of this decade, we can have a strong and world-class component industry. Sure, we have a long way to go to catch up with Taiwan or China or even Malaysia, but I believe with the right encouragement we can develop a strong ‘ hardware’ industry. I

must make a point here about the viability of ‘ hardware’ as an industry in India.

It is a myth that the ‘ hardware’ business is not profitable. This point of view has been largely perpetrated on account of the large number of players who made half hearted or weak attempts to enter this business. To be a success in the hardware business requires both vision and grit. I often give the example of my own company D-Link (India) which, starting out as a small manufacturer of modems has grown to become a Rs. 1. Billion company with a product range that extends from modems to routers. But success has not come easy.

We have made massive investments in both plant and people and have spared no effort in getting the best of equipment and talent. More importantly, we have set up a strong R&D backbone to support our manufacturing. Which brings me to the next point: the importance of R&D? Technology in the IT space changes very rapidly. Technological obsolescence is not just a ‘ click’- it has thrown strong companies out of business. In this scenario, the importance of R&D can hardly be overemphasized. It is vital that those who venture onto ‘ hardware’ industry are seized of this fact.

Only through strong R&D can manufacturers ensure continuous product improvements and keep their offerings truly ‘ state-of-the-art’. Over a period of time, with a strong R&D base, Indian companies can look forward to developing innovative products and own Intellectual Property Rights (patents) on such products. I dream of the day, and I believe it’s not too far away, when technology for products developed by Indian companies would be

licensed to global manufacturers as well as innovative products manufactured by Indian companies would be available worldwide.

The state of our hardware industry and R&D infrastructure is quite the same as that of the software industry a couple of decades ago. Visionaries like Unmannerly and Skim Preemie have shown that we have the potential to achieve global stature in a business. Extending our sights a little further, we have seen how a Armband or Dry. Redder have got recognition for Indian R&D in the Pharmacy industry. There is no reason, therefore, why we can't develop a strong R base in the IT industry as well.

The development of a strong hardware industry base would also go a long way in increasing the IT penetration in our country, which is still very low. I do believe that we have all the elements to become a significant player in both IT hardware as well as R. As IT penetration increases, as organizations across the country network, as we build more robust IT backbones in various spheres of our activity, we will need more and more hardware. Rather than be totally dependent on imports, we need to have a thriving component and hardware industry backed by strong R.

Along with our strength in software services, it will provide another cornerstone towards India truly becoming a global IT superpower. India a Global IT Super Power The Indian computer hardware industry has growing at a rate of over 30 per cent annually for the past few years and this pace is expected to be maintained until 2005. As the first table above shows, domestic manufacture has been increasing, but so also have imports. The locally manufactured computers cater to low-end applications while the

imported computers continue to facilitate CAD, CAM, CASE, multi-media, and other high-end applications.

Indian computer hardware and peripherals industry segments are dominated by U. S. Joint ventures and suppliers. IBM in collaboration with Tats, Hewlett Packard in association with HOC Limited, Digital Equipment Corporation with Hindsight Group, Silicon Graphics with Tats, Oust to mention four major Joint ventures) manufacture computer hardware for the domestic and export markets. Compact, Silicon Graphics, and Dell have opened offices to sell their computers in India. Sun Microsystems and Apple distribute their products through Wiper Information Technology Limited.

Most business firms in India have not computerized. Many of those who have, still use outdated products such as dot-matrix printers instead of laser and ink-Jet printers. As more and more international companies set up office in India, the demand for hardware will increase. The growing awareness of the case to shed fat in the public sector will call for more automated operations; this too will generate demand for computers. The prospects for both exports to, and investment in, this sector are excellent.

IT hardware manufacturing in India is a classic case of the chicken and egg syndrome. Should we wait for the market to grow to high volumes that justify creating a manufacturing base in India, or should we just kick-start manufacturing so that prices then come down and thereby create volumes? The debate has raged on long enough and no consensus seems to be emerging. Rather, things took a turn for the worse with recent years witnessing a perceptible decline in manufacturing activity.

Therefore, when a recent MATT study, conducted jointly with Big Five firm Ernst & Young, concluded that the Indian hardware industry had the potential to reach a size of \$62 billion by 2010, it not only raised many an eyebrow, but derisive laughter from skeptics. Sample some salient conclusions of the study which paint a rosy future for India Hardware Inc: By 2010, the Indian hardware industry has the potential to grow to twelve times its existing market size, with the domestic market counting for \$37 billion and exports accounting for another \$37 billion.

The study has identified major export opportunities in the areas of innovative new devices, contract manufacturing and design services. The study says that component exports offers an opportunity worth \$5 billion, while that of design and related services in embedded systems and wireless telecommunication services can bring in another \$7 billion by 2010. Further, ambitious projections have been made in the area of contract manufacturing, which represents a \$11 billion opportunity if India succeeds in capturing a share of only 2. Percent of the global pie by 2010. Though the rosy projections look good on paper, is this growth really possible?

Skeptics deride the study as an attempt by the hardware industry to copy its software counterpart, which has been tom-timing Mascot and Muckiness's projection of \$87 billion in software revenues by 2008. MATT officials are however quite upbeat. Says Avian Deckhands, president of MATT, " There are four key steps which we need to take to make India a manufacturing-friendly country. Firstly, market India as a hardware destination and build a brand akin to software. Making India manufacturing-friendly through improvements in infrastructure and logistics should follow this.

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We should also emphasis on design and innovation through the development of Indian solutions for Indian needs. All these initiatives need to be backed up by the government with adequate funds. ” The bright side For a country whose economy is so heavily dependent on agriculture, a vibrant hardware industry has the potential to generate three million Jobs, especially for Indians who come from economically underprivileged sections, who aren’t very highly educated. So, in the words of Deckhands, the hardware industry can be some sort of a panacea for Indian’s unemployment problem.

Also, with the size of the contract manufacturing industry expected to be over \$500 billion by the year 2010, Indian firms could grab a significant chunk of the pie in a manner pretty similar to Indian’s emergence as a key player in the global BOP stakes. And, with a potentially huge market in embedded systems emerging, Indian firms with the right mix of hardware and software can be big players here. For the record, of all the high-end processors produced in the world, only 6 percent are used in PC’s and the remaining 94 percent are used in entertainment electronics, non-PC devices, communication products and embedded electronics.

The hardware revolution is also essential for the continued high growth of the software industry. As Vine Meta, director of MATT, puts it: “ India can lose out on the software advantage it has already built up, and the future potential, if it does not concentrate on the hardware front. For example, the estimated domestic hardware requirement by 2008 to meet the software target of \$87 billion is \$160 million. ” And now the problems But before India Inc. Can go into ballistic mode on the hardware front, there are lots of serious issues that need to be addressed.

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Issues like lack of local availability of input raw material, ever changing government policies, inconsistent sales tax structures in different states, high interest rates, customs duties on capital goods, poor infrastructure, inordinately long and variable transit times all add to uncertainty, delays and increased costs. Something that hardware manufacturers dread. Explains Mango Church, country manager-manufacturing, IBM India, “ Everyone in India cribs about duty, but even China has a similar duty structure.

The main reason why companies prefer to locate their manufacturing operations in China is because customs processing in China is much faster. Here, even after a manufacturer’s raw material arrives at a port it might take another month or so before the goods reach his factory. In the fast changing world of technology, that’s virtually suicidal for companies into hardware manufacturing. Besides, labor laws in China are also very flexible. In India, laments Raja Sara, chairman and managing director of Zenith Computers, there are a lot of restrictions for the hardware industry. The software industry has grown in leaps and bounds simply because there have been no restrictions. On the other hand, even if I do manufacture in an SEE in India, I cannot sell my products in the domestic market. The government says everything should be exported. But it should realize that the industry will always flock to an area where there are least restrictions. ” The government can also take a cue from the fact that if the industry is allowed to grow to three times the size it currently is today, it can earn more tax from its revenues.

The manufacturing industry in India also suffers from a lack of proper environmental standards. With environmental concerns mainly ignored or

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casually overlooked by Indian corporate, Macs desist from setting p manufacturing bases here since there is no compliance with ISO 14000 standards, which deal with environmental issues. On the design front too, there are lots of opportunities left to be explored. Design exports are a \$7 billion opportunity in areas like embedded systems and wireless telecommunications.

While Indian firms do some work on hardware design exports, many unfortunately show this as software exports to avoid tax. Fact is, some experts say a robust design sector could play a huge role in bringing down PC prices too a significant reason why PC penetration remains low in India. For example, on a CPU that costs \$150, the material cost is not even \$4. Adds Deckhands, “ If we can get a design, like say a PI, made either by ourselves or if we can get the government to buy out a design and start manufacturing here, this would bring costs down substantially in PC’s. The silver lining The Indian hardware industry could learn a thing or two from the Taiwanese hardware industry, where companies started off as component assemblers some years ago. Today, the same firms are world leaders, and in fact outsource their manufacturing designs to other countries. A majority of Taiwanese firms are now original manufacturers of chippies. Another instance that could inspire companies to set up local manufacturing bases is the example of D-Link. D-Link is one of the very few hardware companies in India that does local manufacturing.

Recently, the company tied up with Taiwan-based Gigabyte Technology to manufacture and market motherboards locally. D-Link will manufacture approximately 30, 000 motherboards per month. Besides giving D-link a key <https://assignbuster.com/hcl-marketing-stratergies-assignment/>

advantage in terms of technology, it also means utilization of D-Links manufacturing facilities. The cost savings per motherboard when manufactured here works out to be approximately \$5. Hence, if illume are huge, it does makes sense to outsource contract manufacturing to India.

And for skeptics who doubt the quality of Indian products, Ram Augural, managing director, Wiper peripherals has a ready answer, “ Doubting Thomas who keep on questioning the quality of Indian products should know that Legend computers, the largest maker of PC’s in China, buys network interface cards from India. ” Going forward, if the government and the hardware industry proactively decide to work together and solve issues rather than have one hand clamoring for duty concessions, and the other avoiding issues, the Indian hardware industry could finitely go the software way-as MATT and Ernst & Young have said.

The only question to ask is whether the government and the industry are up to it. Around the world, enterprise IT spend has been on the decline. The economic downturn coupled with inconsiderate or unplanned spending on IT in the last decade, has contributed to all this. So what is the scenario in India? As per last year’s survey (IS 2002-?? June issue of Network Magazine), Close had committed to spend an average of RSI 554 Lack on IT-related investments. This spending was more or less equal to what they had spent in the previous year (2001-2002). So, did Indian enterprises spend that amount?

As per this year’s survey, the average amount spent on IT was only RSI 468 Lack. This implies there has indeed been a decline in IT spending. Close did

not fully utilize the amount they had budgeted for IT related projects. The largest spenders in 2002-03 were BIFFS, Telecoms/ IT/TIES, and Gobo. /US. The average amounts spent were RSI 1109 Lakes, RSI. 954 Lack, and RSI 649 Lack respectively. All other industry verticals show modest spends. Technology is a key component for BIFFS and Telecoms/let/lets verticals. This explains why spending on IT is high in these sectors.

Also, nationalized banks have been spending substantial amounts on computerizing. Us have traditionally been big spenders, given the need to link distant locations. And with various state governments and quasi-government institutions pushing initiatives like e-governance, technology has been of high-priority here too. So, which were the technology verticals that received a maximum chunk of the shrunken IT budget? 68 percent Close said they invested in Bandwidth/connectivity last year. 64 percent in Enterprise hardware procurement, and 48 percent in Enterprise packaged software.

Security comes fourth with 47 percent having invested in this area. More or less ? We were keen to find out the number of Close who had spent more than the amount budgeted. Nearly 60 percent said they had spent the exact amount budgeted for IT in 2002-03. 20 percent said they had spent less, while only 15 percent claimed to have spent more than the amount budgeted. A majority of those who had spent less than the amount budgeted are from large-sized companies (turnover exceeding RSI. 500 scores). Nearly 22 percent large-sized companies spend less on IT.

The reason Enid this is obvious: Most of the large-sized companies already have sizable investments in IT when it comes to automating back-end and front-end processes. In this particular case, the reasoning was to build a buffer within the IT budget, to provision for any last minute or unforeseen procurement/maintenance costs that may arise. Even in the case of leading IT spenders like BIFFS, Telecoms/ IT/TIES, Gobo. / Us, more than one-fifth of companies have spent less than the amount budgeted, indicating a slowdown in IT spending.

On the rise again The IT spend in 2003-04 is on the rise again, albeit slowly. This year companies plan to spend on an average RSI 493 Lack, indicating a 5 percent increase in IT spending. The major spenders are again the BIFFS, Telecoms/ IT/TIES, and Gobo. / US verticals. The BIFFS vertical is registering significant spends; their average budget has climbed from RSI 1109 Lack in 2003-04, to RSI 1310 Lack in 2004-05. In Telecoms/let/lets and Gobo. / US, both major spenders last year, the allotted budget is same when compared with last year.

In almost all other verticals, companies are registering a small increase in the budget allotted for IT. In terms of turnover, IT spending in medium-sized impasse is expected to grow by 20 percent, while in large organizations the IT budget may actually shrink by 11 percent. What technology? This brings us to our next question: Which technologies are companies investing in? The top areas of IT spend, in terms of technologies, are: Bandwidth/connectivity (57 percent plan to invest), Enterprise hardware (55 percent), Storage (46 percent), and Security (46 percent).

Both Storage and Security are clearly gaining prominence in the BIFFS sector where information security and availability is critical. The Indian IT and Electronics market in 2003-04 was worth SIS\$ 20. 3 billion of which SIS\$ 12. 7 billion consisted of software. Electronics and IT hardware production stood at SIS\$ 7. 93 billion. Some 3, 500 units are engaged in electronics production manufacturing goods as diverse as TV tubes, test and measuring instruments, medical electronics equipment, analytical and special application instruments, process control equipment, power electronics equipment, office equipment, components etc.

Market researcher DC estimates that the market-value estimate over next 3 years for hardware products is RSI. 75, OHO scores. The Indian electronics and hardware industry as been lagging behind the impressive performance of the software sector. Most of the hardware requirements of the burgeoning software and telecoms sectors are met by imports which are about 25%. The Ministry of Information Technology, Gobo. Of India has estimated that the total requirement of hardware and components by 2008 would be in range of SIS\$ 160 billion and the investment required in the manufacturing facilities would be US\$ 16 billion.

MASCOT, the leading IT industry body estimates that to achieve a software export target of SIS\$ 87 billion in 2008, the hardware requirement would be US\$ 50 billion. By far the most comprehensive study was carried out by Ernst & Young in association with MATT, the hardware industry body in 2002. It estimates that given the right incentives, Indian's electronic hardware industry has the potential to reach SIS\$ 62 billion by 2010, twelve times its

existing size with the domestic market accounting for SIS\$ 37 billion and exports of SIS\$ 25 billion.

The major export opportunities would be in the area of innovative new products, contract manufacturing and design services. This shows that there are large opportunities for Indian companies to increase their strength and grab these opportunities for future growth. HOC Manifestoes Ltd is one of those companies which are working to increase their network and making innovative new products. HOC Manifestoes Ltd. Is currently engaged in selling manufactured hardware (like PC's, servers, monitors and peripherals) and traded hardware (like notebooks, peripherals) to institutional clients as well as retail channel partners.

Besides, it offers hardware support services to existing clients through annual maintenance contracts, net work consulting and facilities management. In 2003-04, He's total hardware turnover was RSI. 12. 97 billion, higher by around 24% over the corresponding figure for 2002-03. Of this, manufactured hardware constituted 60%, traded hardware 32% and hardware support services 9%. The company's reported operating margins in 2003-04 (including six months of OH, telecommunication and software businesses) increased to 6. 7% from 5. 9% in 2001-02, primarily because of better margins in hardware.

While average material costs declined in 2003-04, the company was able to retain a part of the margins in its product realizations. Better margins in hardware resulted in the return on capital employed (RACE) from hardware increasing from 11. 9% in 2002-03 to 25. % in 2003-04. In the domestic

home PC organized sector, HOC Manifestoes is the market leader. Other players include Zenith Computers, MM, Sun Microsystems, Wiper, Hewlett Packard. Assembled personal computers have a large presence in the domestic home PC market, accounting for a chunk of the total sales.

The overall market for desktop personal computers registered a 28. 2 percent growth during calendar year 2004 as compared to the previous year. What is significant is that branded PC's continue to make impressive gains against the gray market. According to DC, the share of branded PC's grew from 36. Percent in 2004 to 49. 2 percent in 2005, registering an impressive growth rate of 74. 3 percent. Interestingly, the gray market remained flat, registering a growth of 2. 2 percent, while the total desktop PC market registered a growth of 28. 2 percent.

According to DC, the recent re-surfacing of finance-based purchase options had an accelerating effect on the consumer desktop market, which is already witnessing a consistent drop in end-user prices for both the branded and unbranded PC segments. Among the vendors, HOC Manifestoes emerged as the market leader with a share of 13. 7 percent. The company registered a 91. Percent growth during 2004 as compared to the previous year. HP followed HOC with a market share of 11. 9 percent. HP too grew at a blistering pace registering a growth rate of 73. 03 percent.

IBM is in the third place with a market share of 6. 2 percent. DC is not the only research firm confirming the signs of robust growth. Gardner, in a recent report, states that the Indian desktop market grew by 31. 5 percent in 2005. Says Viand Nair, Analyst, Computing Systems, Gardner India, “

Peaking business confidence based on strong economic growth catcalled PC purchases in both consumer and corporate segments throughout 2005. ”

While every research firm has given different figures, one thing is common- the PC market is booming at double-digit growth rates.

MATT (Manufacturers Association of Information Technology) estimates that the desktop PC market grossed 17. 1 lakes units in the first half of fiscal 2004-05, registering a growth of 37 percent over the same period of the previous fiscal. With the Indian economy booming, MATT estimates that PC sales will touch the 40 lakes mark in fiscal 2004-05. The buoyancy in PC sales can be attributed to increased consumption by traditional industry verticals such as telecoms, banking, financial services and insurance, BOP, manufacturing and government.

Consumption also increased in non-traditional sectors such as education, retail outlets and self-employed professionals. In future, He’s hardware sales to the institutional segment are likely to remain stable, with sustained hardware spending by all the verticals, especially the banking and financial services sector. Besides, in retail hardware sales, a continued reduction of price points, facilitated in part by the recent reduction in excise duties on PC’s,