

# Total market of natural stone marketing essay



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India is a treasure trove of stones, possessing a wide spectrum of dimensional stones viz. Granite, Marble, Sandstone, Limestone, Slate, Quartzite etc. spread out all over the country. The quality of deposits is outstanding and Indian stones are known for their strength and vibrancy. Indian Stones conform to the highest International Standards and provide excellent uniformity and consistency and have been used in several well-known buildings like The Taj Mahal at Agra stands testimony to the age defying beauty of Indian marble. This tradition of Stone Architecture has continued to the present era with most of the important modern buildings in India like the Presidential House, Parliament House and Supreme Court made from high quality sandstone of Rajasthan. The Lotus Temple of New Delhi stands testimony to the relevance of marble in modern Indian architecture.

India is also amongst the largest producer of raw stone material and the sector is quite developed and vibrant in South as well as in Rajasthan and Gujarat, with a dedicated resource of entrepreneurs. India also has an indigenous resource of machinery & tool manufacturers, which cater well to the demands of this sector.

The Indian stone industry has evolved into the production and manufacturing of blocks, flooring slabs, structural slabs, calibrated - ready to fix tiles, monuments, tomb stones, sculptures, artifacts, cobbles, cubes, kerbs, pebbles and landscape garden stones.

India is one of the largest producer of stones in the world. The Indian stone industry has been growing steadily at an annual rate of around 10% per year for the past few years.

Indian Stone Exports comprise mainly Granite Cut Blocks, Granite Slabs and Tiles. The share of marble, slate and sandstone are steadily increasing for the past few years. The major importers of Indian stones are USA, Italy, Taiwan, Japan, Germany and China.

### **Sizes of natural stone and stone products**

There are no pre-set dimensions for natural stone and stone products. For intermediate inputs such as blocks and slabs the size is determined by the machinery used in the extraction, the production process, and by the weight limits imposed by the mode of transportation. For finished products such as tiles, the most commonly used measures are provided in table 4. 1. It should be noted that correct sizes are of utmost importance when exporting to the UK markets. If the product does not meet the size requirements, it may be difficult to sell the product on the UK market. Meeting the exact requirements in sizes will give the exporter a much better competitive position on the EU market. It is crucial to check with the UK trade partner what the specific size requirements are.

### **5. 2. 2**

#### **U. K Import Size of Natural Stone Products: –**

#### **Import of Natural Stone Market: –**

It is important to be able to match your products with the specific demands of the UK market you are planning to approach. The required product range (width and depth), product characteristics, product design, presentation and packaging design have to be clearly identified beforehand. Given the large variety of available natural stone and stone products, it is advised to visit

trade fairs or to directly contact wholesaler/importer to get a clear idea of those characteristics in each target country.

In 2008, UK consumption and production of natural stone and stone products accounted for € 814 million and € 357 million. The UK is ranked 4th in the EU based on both consumption and production. Between 2004 and 2008 consumption and production of finished stone products decreased at an annual average rate of 1.8% and 7.8% per year.

In 2008, the UK imported about € 488 million of natural stone products making it the 3rd biggest importer in the EU. Total UK imports increased by 4.4% per year.

Developing countries (DC) are becoming increasingly important as suppliers of low priced products. Between 2004 and 2008 the market share of DC increased from 45% to 50%. In 2008 the most important DC suppliers were: China (17%), India (17%) and Turkey (10%).

Growth of the UK natural stone market in coming years is expected to decline. Nevertheless, prospects remain good for the long term. The wider use of natural stone by the UK consumer drives the market forward.

### Market Consumption

The UK is inhabited by 61 million people making it the 3rd most populated country in Europe. In 2008, the UK consumption of natural stone and stone products represented € 814 million, of which € 698 million consisted of finished stone products<sup>1</sup>. UK consumption of finished stone products decreased at an average rate of 1.8% per year. The UK is ranked 4th

accounting for 10% of total EU consumption of finished stone, above Germany (9.0%) and Belgium (3.4%) and below Spain (18%) and France (12%).

## **UK consumption per product group 2004 – 2008, € million/1'000 tonnes**

**2004**

**2006**

**2008**

**CAGR\***

**Product group:**

**Value**

**Volume**

**Value**

**Volume**

**Value**

**Volume**

Blocks & slabs

118

1'848

n. a.

n. a.

116

1'105

-0.4%

Landscape design

31

180

n. a.

n. a.

37

173

4.5%

Monumental & funeral

720

745

849

907

661

652

-2.1%

**Total**

869

2'772

n. a.

n. a.

814

1'930

-1.6%

\*CAGR: Compounded annual growth rate

Source: Eurostat (2009)

Similar to most other Western European countries, the UK saw its natural stone consumption decrease in 2008 (compared to 2006). This can be credited to a slow developing construction sector, the largest consumer of natural stone, and the start of the economic crisis at the end of 2008.

In response the government has brought a large number of projects forward and is planning on building 1.2 million new homes in the South East of England in 2016. Also construction projects for the 2012 Olympics will boost the sector directly and with many spinoffs.

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In 2010, construction prospects for public and public, private construction projects and projects that are taking place for the Olympic games (sporting and training facilities, leisure centres, hotels and others types of accommodation) are relatively well. The latter being especially interesting for DC active in flooring & cladding and landscape design.

The new build non-residential sector is expected to struggle again in 2010 although the falls in output will not be as dramatic as in 2009. On the positive side, 2010 is likely to see a return to growth for the housing sector. Another key influence on construction output in 2010 and beyond will be the general election. Faced with a spending deficit of about € 200 billion, whoever wins the election is likely to implement spending cuts which is bound to influence construction activity in education, health and other public sectors.

In short construction output in 2010 is expected to fall a further 1. 7% compared to 2009 but is expected to return to overall growth in 2011, although recovery will be slow. However, with the market sectors moving at different speeds, contractors and building materials manufacturers are going to have to target the right sectors to maximise growth opportunities.

## **Total Imports**

The UK imported € 488 million worth of natural stone and stone products in 2008, around 1. 9 million tonnes. UK imports increased by an annual average of 4. 4% between 2004 and 2008. In comparison, EU imports increased at a faster pace (+4. 7% per year). The UK is the 3rd largest importer in the EU



accounting for 13% of total EU imports. Other important importers are Germany (14%), Italy (14%) and France (13%).

## **UK imports of natural stone and stone products between 2004 – 2008, € million/1'000 tonnes**

**2004**

**2006**

**2008**

**CAGR\***

**Value**

**Volume**

**Value**

**Volume**

**Value**

**Volume**

411

2'468

518

1'637

488

1'886

4. 4% \*CAGR: Compounded annual growth rate

Source: Eurostat (2009)

Even though consumption of monumental & funeral products<sup>3</sup> decreased (-2.1% per year) between 2004 and 2008 production decreased even further (-7.8%), whilst imports over the same period increased (+6.5%). This further implies that the UK market is becoming more reliant on imported natural stone at the expense of UK processors.

42% of the total value of UK imports comes from intra-EU countries. This comes down to € 208 million with a volume of 268 thousand tonnes. The most important intra-EU suppliers in value are Spain (17%) and Italy (14%). The market share of intra-EU countries has gone down from 48% to 42% between 2004 and 2008. Both the market share of Spain and Italy showed little variation with an increase of 2.5% and a decrease of 1.1% respectively between 2004 and 2008.

### **Imports from Developing countries**

In 2008, more than € 246 million (50%) originated in DC with a volume of 648 thousand tonnes (34%). The overall market share of DC has grown from 45% to 50% in the period 2004 to 2008. A decrease of 3% compared to the period 2003-2007. The market share of DC in the UK is less than DC share in the EU (53%). China (17%), India (17%) and Turkey (10%); are the most important DC suppliers to UK market. Most of the important DC supplying to the UK have increased their imports substantially between 2004 and 2008 including Turkey (+15% per year), Brazil (+14) and China (+12%). India's market share decreased with 0.3% whilst other DC showed some significant increases. Sri Lanka (86%), South Korea (64%) and Tunisia (+42%) increased

most. Table 3. 2 shows the growth of DC imports per product group between 2004 and 2008. Identified is the average growth per year between 2004 and 2008:

Stone Monuments (+18% per year)

Flooring & cladding (+6. 6% per year)

Landscape design (+5. 3% per year)

Blocks & slabs (-3. 9%)

The dropping demand will also influence the level of imports. However, DC imports (+7. 2% per year) have grown well above the average level of growth (+4. 4%). Therefore, imports of DC are expected to be affected by the downturn of the UK market but not as much as imports from other countries.

### **5. 2. 3**

#### **Consumption trends and developments**

Use of stone: In general, natural stone is increasingly used, interior as well as exterior. Most important application of natural stone in the UK is structural building. As recently as 20 years ago, stone tiling was rarely seen in the UK except in retail interiors and reception and lift lobby areas of offices and hotels. While these areas of the market remain, it is the domestic scene which is most dynamic in the UK's stone tiling world. While natural stone flooring was only used in the hallway or kitchen, now it is being laid across the entire ground floor. One of the reasons for this is the increased use of under floor heating which is important in a colder climate. Moreover, people

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are also looking for alternatives to the traditional floor covering (carpet).

Natural stone and ceramic tiles, are being marketed as the cleaner and more durable choice.

Traditional and authentic taste: The UK have conservative tastes. Therefore traditional colours like white, cream and beige are still the most popular.

Granites with simplistic designs are selling well as worktops in both domestic and commercial premises. Its durability is an important marketing point.

Granite, marble, limestone, sandstone and slate are doing well for interiors of prestigious buildings as well as for quality dimensions to more modest projects. Granite and natural sandstone have become the materials of choice for hard landscaping because of the ability to integrate them easily with natural surroundings. However in recent years also more colourful schemes are applied. Marble slabs and tiles in darker colour combinations such as black, white, blue, and grey are now also popular following contemporary colour palette trends. Also decorative tiles made with exotic gemstones such as Jade and Tiger Eye are a popular choice for luxury homeowners. Stone Mart (<http://www.stonemart.com>) offers a collection of such gemstone tiles.

Alternatives: Composite materials like quartz for tiles and kitchen have been growing in popularity. The advantages of composite include a wider colour range, its durability and weight (lighter than natural stone). Although the price is often similar or even higher than natural stone quartz is becoming a serious competitor for natural stone. An example of a supplier is Ecopiedra ([www.ecopiedra.com](http://www.ecopiedra.com)). Composite is processed by the same machines as natural stone and sometimes has the same trade channels. Processors in DC can therefore decide to focus on both markets.

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House ownership: Due to the uncertain economic situation and lack of credit from financial institutions there is an increase in renovations and retrofitting of current houses rather than buying new houses. Activities are often undertaken by the homeowners themselves. DIY stores are therefore doing well. Natural stone products, such as 10mm tiles that can be laid on existing floors without having to make adjustments to the doors are therefore in demand.

Ageing population: The population in the UK is slowly ageing; almost 16% is over 65 years. The percentage elderly will increase to 26 million by 2030. The elderly are substantially wealthy, which can enhance the consumption of natural stone (interior design, art or gardens). In the long term there will be an increased demand for funerary art (i. e. tombstones and urns). Even though the economic crisis also affects the elderly in (e. g. pension cuts and declining housing prices), the elderly remain attracted to buying high-end, expensive natural stone products.

Sustainability: Sustainability is an increasingly important factor in choice. As a result the natural stone sector is implementing labels and management schemes. For example, the Stone Federation Great Britain has set up a sustainability statement (<http://www.stone-federationgb.org.uk/content.aspx?content=71>) whilst Marshalls, a company specialised in construction materials, has adopted the Ethical Trading Initiative (ETI) code ([http://www.marshalls.co.uk/sustainability/stories/41-indian\\_sandstone.html](http://www.marshalls.co.uk/sustainability/stories/41-indian_sandstone.html)). In line with this trend natural stone is increasingly marketed as a sustainable product with high durability and good properties for heat preservation, thus marketed more effectively in comparison to its alternatives. DC that take a <https://assignbuster.com/total-market-of-natural-stone-marketing-essay/>

pro-active approach to the issue sustainability might find market openings easier.

### 5.3

#### **Conclusion of Findings and Analysis: –**

From the above findings and analysis of primary (Interviews and observation) and secondary research (Total Market Of Natural stone Products, Import Size and Consumer Spending) it can be infer that the UK market has the huge potential for Natural stone Products. However according to the findings of secondary research blocks and slabs sector have seen as a mature market.

All the questions were asked as to give the company an in-depth perception of all interviewees. During the conversation with all interviewees it derived that, all of them, have the different choices and perspective about the criteria they use to select a stone supplier, the problems they face while importing the stone products from India and delivering the goods to local consumers, about the UK market trend of stone products, influencing factors of UK market trend of stone products, about the criteria they use for different type of segmentation, most demandable product of stone and about their final consumers. This only means that these all of the aspects are very important that the company should take into consideration and also the different choices and requirements should be fulfil by company according to what importers want because by doing this the company may be profitable in designing their Export-Marketing plan in more authentic way.

While during the period of the observation, it was observed that in UK there are two sets of culture that exist between Ethnic and British Communities. The difference found between both the communities were not huge but it was between the price and quality. The important point here for the company is to better analyse the different types of segments and their purchasing criteria so that they can serve their product to distributors in that manner where they can fulfil all the requirement of segments and maintain the proper flow of goods to the target markets.

The findings from secondary research have suggested that the UK market has a huge potential for stone products except blocks and slabs. The import of stone products in UK rose year by year but import from India has gone down by 0.3% in between 2004-2008 because of countries like China, Turkey, Sri Lanka and South Korea. As per the consumer spending, consumers are showing their full interest in buying stone products as expenditure for both sectors has increased year by year and stone monuments have found the largest selling items among all others. By considering all the above aspects the most important point for the company to take advantage of is, the UK market potential and to use it to promote the company's goods. Analysis of competition from the neighbour countries would also help the company to develop its own strategies as the UK market is also importing the stone products from China, South Korea, Turkey. As there is a government project of making 1.2 million new homes by 2016 so the demand for granite tiles and slabs are definitely going to increase and there would be high demand for tiles and slabs as they are mainly used for flooring and kitchen countertops. The 2012 Olympics has also increased

demand for flooring & cladding and landscape design. So there is a growth in overall stone market in UK from 2009 onwards.

Finally the findings and analysis both from primary and secondary research have shown the complete structure of UK stone market and the perception of importers for Chima Impex in order to develop their export marketing plan.

## Chapter Six

### Conclusion and Recommendation

## 6.0

### **Introduction:** –

This chapter will offer the conclusion and recommendations. It will take into account all aspects of the project and also provide some realistic recommendations for the Future development of the company.

## 6.1

### **Conclusion:** –

As said earlier in this dissertation the aim of the project is to better evaluate and analyse the UK market of natural stone in order to promote the products of company and further gain the perception of customer. In order to fulfil the aim of the project the author has come to some judgements underpinned by the academic understanding developed over the year and the research process. At the end the following conclusions were made: –

As shown in the findings the UK Market for stone has the huge potential for company to market their products in all sectors mainly stone monuments



and granite tiles and slabs which is the strength of the company. The coming years will have a growth in the size and importance of the UK stone market, offering large scope and prospect for the stone producers from developing countries, to increase their exports of stone products. In authors, view the UK Market of stone contains a large variety of products for different type of segment (both for ethnic and British community) from the developed and developing countries, which offers a chance for a company to make a selection about what product they should market for different segments. Promoting the products in UK Market of natural stone is a profitable deal for company as the UK market has huge potential so the company can be prepare for U. K natural stone market by putting together their resources in order to operationalize their products and further gain the perception of UK customers.

UK natural stone Market will not only provide a wide opportunity for a company to market their product but also plays an important role in giving the valuable foreign exchange to the company.

The stone monuments were seen as the most demandable products in the UK stone Market as per the consumer spending shown in the findings and analysis chapter. The demand for granite slabs and tiles are also going to increase because of new government projects. The stone monuments, slabs and tile sales will continuously increased as the people will show their most of the interest in buying these items because this products are necessity for any new house or for other projects specially granite and marble sinks, kitchen countertops and tiles but in contrast the granite blocks has been seen as the mature market. So it is now clear from the above for a company

that in some sector they can contribute their full efforts to market their products at best level but as in case of mature market they have the option to think before market the products for these sectors.

As discussed above that UK natural stone market contains a large variety of products for different type of segment (both for ethnic and British community) but still there is no huge different found between both the communities. The difference found is between price and quality as British people more concentrate on quality where the ethnic people more concentrate on price as like to buy less expensive things. The criteria for selection of products of both the community in UK natural stone market gives a clear idea to company about the specific requirement of both communities so company need to consider the criteria of both the community while market their products.

Finally, it can be infer that Promoting the stone products of Chima Impex in UK Market through Export Marketing may be helpful for company in getting proper responses from the customers. Export Marketing of products may also be profitable as the UK natural stone market has huge potential.

## 6.2

### **Suggestions and Recommendations: –**

The following recommendations are offered by taking consideration of above conclusion. The researcher took role of adviser in order to advise the company about what factors they need to consider while preparing for export marketing plan for their products.

The first most vital point for Chima Impex is to consider the Market Entry Strategy. As shown in the chapter 4 that there are different type of marketing channels available for the company to market their products but the question here is rise that what is the best marketing channel for company in order to promote their goods into the UK market. This question here is well worth asking because of the great expense of establishing marketing channel and high cost decision-making in this area. The main challenge for the company is to design the marketing channels and further implement that design of marketing channels. The first step for company in relation to marketing channels should be to evaluating the major alternatives available in the market and then select the best out of them, because company cannot rely on only one channel. After evaluating the major alternatives the next task for company is to glimpse on the channel behaviour that who should do what and for what rewards. This point here is very important for company because while distributing the goods to intermediaries sometime company has to bound in exclusive distribution agreements but after sometime when company realise that they can do the supply by their own better than their distribution than the conflict begin among the manufacturer and the distributor so analysing the channel behaviour is as important as selecting the channel members for company. And the third task after completing all this for company is to design the channels decision for e. g. analysing consumer needs, setting channel objectives, motivating channel members, evaluating channel members. All these three tasks in relation to market entry strategy are fully discussed below in order to recommend the company for their future development.

## **The Major channels of distribution: –**

As shown in the chapter 2 that Bhandari Export is a Manufacturer exporting the natural stone products so the category of products of the company comes under consumer goods. For the distribution of the consumer goods the company can use both foreign based or home based marketing channel (Jeannet & Hennessey, 2001).

Deciding what kind of distribution partner you want is important. Local presentation or market presence is essential in the UK market. There are various ways to come into contact with importers and other possible trading partners in the UK. Attending trade fairs is one of the most important ways to get exposure. Visiting trade fairs in related markets is also a way to get into contact with possible trading partners. You can either choose between specific trade fairs for natural stone products or more general fairs (e. g. construction, home decoration). The company then should evaluate all the marketing channels and out of them they should select the best alternative to promote their products in UK market.

## **Principal UK Channels Of Distribution: –**

### **1. Manufacturer-UK based own sales team-Consumer: –**

The first available channel for company in UK is the manufacturer (Company)-UK based own sales team-consumers. This channel called a direct marketing channel, which has no intermediary's levels. It consists of a company selling directly to consumers using their own sales team based in UK. Taking support of this channel the company can set up their own sales team in UK and can promote their goods by own but in this case they have to consider all the expenses for setting up a office in UK because it will be going <https://assignbuster.com/total-market-of-natural-stone-marketing-essay/>

to be very expensive for company. The company can sell their products by their own foreign based office direct through mail order, telephone, or at their website but using that channels will not help company much in promoting their goods to the consumers as company are not much aware about the scenario of UK market, the trends that are prevailing in the country, and specially the consumer behaviour so the company should look forward for the formulation of alternative as the company are not much aware about these all things.

## **2. Manufacturer-Retailer: –**

The second available channel for company in UK is the manufacturer (Company)-retailer-consumer. This channel called an indirect marketing channel, which involve the one intermediary that is retailer. It demands a lot of flexibility and does not generally import big volumes. By using this channel the company can sell the products directly to the retailer and further the retailer can deliver the goods to final consumer. The big retail store can deliver the company's products to the final consumers. This channel alternative now a day is very popular among all as it gives a manufacturer an authority to sell as they like and as they wish as per the requirement of retailer. By using this channel alternative the company may be profitable because this channel will provide a better opportunity for company to promote their products to the final consumers and the involvement of risk will also low as there would not be much intermediary. One more advantage here the company can gain through big retail store that they have the complete knowledge of consumers taste, preferences and the behaviour so they can tell company to provide them those category of product, which

highly attracted the customers. Another advantage the company can gain through big retail stores are that they would reduce the number of channel transaction. The important here for company is to provide a perfect commercial import service and check the criteria of these retail stores because their procurement department might not be used to directly deal with exporters. The company should check the number of outlets, sales turnover of outlets, their geographical location and accessibility, competitive products stocked, images of outlets, their promotional co-operation, pricing policies, level of customer services, level of sales force, and finally the profitability. Finally, the company should use this channel of alternative, as this would give the company more profitability as from others.

### **3. Manufacturer- importer/wholesalers: –**

The third available channel for company in UK is the manufacturer (Company)-wholesaler-retailer-consumer. This is also called indirect marketing but it involves two intermediaries that are importer/wholesaler and then retailer. In this case the company can supply their products to importer/wholesalers and further wholesaler can supply their products to retailer and retailer can serve the products finally to the consumers.

Importers / wholesalers of natural stone and stone products are in most cases specialised per country and/or per nature of stone (granite, marble...) and/or type of stone products (intermediates, finished, degree of quality...).

Therefore you first need to select importers/wholesalers that already offer the type of products you can deliver. Often import companies employ different people for different regions. They have knowledge of the local market, customs and culture. By using importer/wholesaler the company

may be profitable because importer/wholesaler perform all the marketing functions for e. g. (they will have the better sales contact than company, they can hold the stock in their warehouses and as per the requirement from retailer they can even supply a small quantity of products, they will have complete market information about the present trend prevailing in the market, they can also provide the facility of trade credit (for e. g. 30 days, 60 days) to the retailer, the advice and technical support will also provide by them, and finally they can add the value to the company's products and deliver it to retailers conveniently) required for promoting the products. The importer/wholesaler also play an important role in matching demand and supply because they buy the goods in large quantity from the manufacturer and break them into the smaller quantities and broader assortment which is wanted by the consumers (Kotlar, 2001). Importers/wholesalers often visit the production sites or agents of the exporting countries in order to source their products. So it is recommended to invite them for a preliminary visit in order to present your offer. Otherwise provide them with good documentation that gives a good overview of the company and its products. You can also meet importers/wholesalers through your country's stone association: such an association sometimes invites big importers from the EU in order to promote the local industry and organises meetings between sellers and buyers

#### 4. Manufacturer- Distributor:-

The fourth available channel for company in UK is the manufacturer (Company)-distributor. This channel called an indirect marketing channel, which involve the one intermediary that is distributor. It demands a lot of

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flexibility between exporter and distributor. The main challenge for a distributor is to control stock of tiles, slabs, and other stone products, while also mixing and matching shipments of stone. In addition, predicting and having the right stock, colour, size, and quantity is a challenge all distributors face. Such requirements are important for an exporter who tries to establish contact with a distributor. Make sure that you have enough flexibility before engaging with such a client.