Introduction
CHAPTER – 1

INTRODUCTION

1.1 GENESIS OF H.M.T.: -

H.M.T. Ltd was incorporated in 1953 as a public sector unit to produce Machine tools, wrist watches, tractors, Printing Machine. The first Machine tools unit at Bangalore started operations in Oct. 1955. In 1961 the company set up India's first watch factory in collaboration with citizen watch company, Japan. Over the years, H.M.T. setup several manufacturing units for making various products such as machine tools of Pinjor in Haryana (1963). Machine tools at Kalamassery in Kerala (1964), assembling unit for tractors (1971), automatic watches in Bangalore (1972), Hand watch watches at Srinagar in Kashmir (1975), Lamps and Bulb components at Hyderabad (1977), foundry division at Ajmer in Rajasthan (1977). a watch factory at Tumkur in Karnataka (1980), a dairy machinery factory at Chikal thana in Aurangabad (1982). During this period the company also set up second Tractor unit at Mohali in Punjab and unit in Bangalore for the manufacture of die casting and plastic injection moulding machine.

Registered Office: - Head corporate office

H.M.T. Ltd
H.M.T. Bhawan
59, Bellary road, Bangalore 560032.

Ownership group: Central govt. (Ministry of Heavy Industries)

Plant Location of H.M.T. (watches)

(1) 1st and 2nd watch factory Bangalore Karnataka

(1) Watches: -

(2) 3rd factory Jainakhet Srinagar.

(3) IV factory Tumakar (Karnataka)

(4) Vth factory Ranibagh (Nainital)

(2) Tractor: -

(1) Pinjor (Ambala) Harayana.

(2) Mohali (Punjab)

(3) Machine Tool: -

(1) Ist factory Bangalore.

(2) IInd Pinjore (Ambala) Harayana.

(3) IIIrd Kalamassary Kerala

(4) Ivth Ajmer (Rajasthan)

(4) Lamps Lamp Components: -

(1) Balanagar (Hyderabad)

(2) Kamrup (Guwahati).

(5) Dairy Machinery: - Aurangabad (Maharashtra)

(6) Printing Machines: - Kalamassary (Ernakalam Karnataka)
BOARD OF DIRECTOR:

(Functional Director)
Sri M.S. Jahid
Director
Organization and Management.

(Govt. Director)
(1) Sri K.K. Jaiswal
(Add. Secretary and finance
Advisor Ministry of Heavy
Industry
Public sector undertaking).

Key Person: - N. Ramanuja
(Chairman and managing director.)

Listed On: -
(1) Bombay stock exchange.
(2) National stock exchange.

Depository System: -
In line with the guidelines of SEBI, the company share have been included in the Indian depositary system with effect from 15.10.1998, Operated by the national security depository ltd. With facility scripless trading.

Personnel Employees Strength:
Information in accordance with the Provision of section 217(2A) of the companies act 1956, read with the companies (Particular of employees) rules 1975, as amendment is nil for the year 1997 – 98.
The employee strength of the company as March 1998-99 was 20,463 and in the year 2000-2001 is under the manpower restructuring, the working force could be reduced to 15,000 from the existing 22,000 and sum of Rs. 200 crore would be remarked immediate after the cabinet approval for settling the account of about 7000 employees, who have opted for voluntary retirement. Besides, following the VRS, there was a corrective action namely, retraining and re-deploy employee perennial sick units to the viable sick unit.

In the restructuring plan approved by the central Govt. July 2000, Under the restructuring plan the Govt. have made the target to reduction of employees 6947 by VRS scheme in the year 2001-2002.

H.M.T. Corporate mission:

(I) To establish ourselves as one of the world's premier companies in the Engg. Field having strong International competitiveness.

(II) To achieve market leadership in India though ensuring customer satisfaction by supplying internationally competitive products and services.

(III) To achieve sustained growth in the earnings of the group on behalf of shareholders.

Subsidiaries of H.M.T.:-

H.M.T. is now restructured with addition of three more subsidiaries to these already existing. H.M.T. Now comprises of fix

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1 Sources — H.B.L: Date- Sept 1999.
subsidiaries under the ambit of holding company, which also merger the tractor business directly.

- H.M.T. Watches Bangalore.
- Chinar watches Jammu
- H.M.T. Bearing Hyderabad.
- Pragya Tools Ltd. Hyderabad.

Merger/Takeover:

In the year 1980, H.M.T. took over pragya tools and made in its subsidiaries. This company makes precision machine tools. H.M.T. has a 51% stake in pragya tools. In the same year H.M.T. also over a sick unit Indo- Nippo precision Bearing Ltd. Later this company also become H.M.T.'s subsidiary and is called H.M.T Bearing Ltd.

Restructuring:

The cabinet approved a Rs 2700 crore restructuring package for turn around of ailing H.M.T. include infusion of fresh equity of Rs. 200 crore into the public sector undertaking by the Govt. The Govt. will also stand guarantee for raising Rs 469 crore from the bond market by H.M.T. for funding a VRS scheme. The company is planning to retire 6463 employees within two years. Interest subsidy of 50% will be provided on bonds along with waiving of guarantee fee.
Financial package also include conversion of loan worth Rs 39.70 crore to H.M.T. into equity. Interest will be 12.74 crore on loan will be written of.

H.M.T. Machine tools and watches group will be core into subsidiary by the end of this year and disinvestments up to 74% in due course of time. Subsidiarisation of disinvestments in the tractor division may also be under taken. An time bond basis.

H.M.T. Ltd’s restructuring and subsidisation has recently a major boost with financial institutions (FIS) agreeing to a one time settlement to retire Rs 304 crore debts. At last month H.M.T. registered the names of its there new subsidiary companies; H.M.T. Machine tools ltd., H.M.T. watches and H.M.T. Tractor Ltd. H.M.T. Ltd total debts stands of around Rs 554 crore. Now three FIS – UTI, IDBI & IFCI have agreed to a one time settlement said H.M.T. Chairman & Managing Director. Under the settlement compound interest, penal interest, Liquidated damages among other to the lone of Rs 40 to 45 crore will be waived. Remaining Bank borrowing if about Rs 250 crore will be apportioned basis to subsidiaries companies.

The company facing the stiff problem related to the unviable units. The lands machinery division in Hyderabad has been closed down with the majority of the workforce being altered VRS and others deployed. The watch case division in Hyderabad is being wound up. A 100 worker’s have been re-deployed to H.M.T. Bearings; other may be absorbed by the

Sources: Hindustan Times 19 July 2000.
Banglore case factory. H.M.T. is talk with National Dairy Development Board for takeover of its food-processing unit at Aurangabad.

Financial highlights of H.M.T. Ltd.:

H.M.T.'s Performance has been extremely poor with losses reported continuously from the year 1992-93 to till today. Since 1993-94 H.M.T. Ltd Net loss was 119.26 crore Rupees. After that company has changes its strategy and improve it sales and reduced the losses, the minimum loses has registered by the company since 1996-97 & 1997-98 consequently 28.78 crore Rs & 23.94 crore Rs loss. In the current year 2000-2001 H.M.T. loss is 58.18 crore Rs.

Yet the H.M.T. watches has farmed as a subsidiary company in the financial year of 2000-2001. So the H.M.T. (watches) 2000-2001 financial position is earning before interest and tax- 375.10 Millions Rs$. It means watch concern has registered the losses in the first financial year as a subsidiary concern. As actual loss of the H.M.T. (watch) subsidiary company Rs 59.18 crore Rs.

Indian Watch Industry:

India is only one of the dozen of countries in the world manufacturing all the component for a watch (Mechanical & Quartz). The other countries are Japan, Hong Kong, Switzerland, France, USA, Germany, South Korea and China. The Indian market is Estimated if any

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$^4$India Infoline. Com H.M.T. Ltd.- All about this company. (H.M.T. clinches one time settlement of dues with FIS registered 3 cos) Dated 03 Feb. 1999.

$^5$HMT India website
where 18 to 40 million units. This range variation is due to the presence of unorganized sector which has a market of 10 to 40 million units leaving the organized sector with a market of 12.7 million units.

The Indian Watch Industry came into being in the 1960's when the Govt. of India took the decision to set up the country's first watch factory. The task was assigned to H.M.T. as it has developed considerable skill in precision technology. Thus in 1961 H.M.T set up India's first ever factory for manufacturing mechanical watches in Bangalore in technical collaboration with Citizen (Japan).

The major players in the watch market are Titan, Allwyn, Citizen, Bifora, Siteco, and Timex, Sakura, Among them Titan being the leader product in the Indian market followed by the H.M.T. and Timex. Titan entered the watch market when the market was dominated by the Public sector giant H.M.T. It had a market share of over 67% in the organized sector. The market was in its growth phase and demand exceeded supply. The watch manufactured by H.M.T. were sturdy, durable and typically called “Janta”. Since 1984 Titan came into existence with its corporate office at Bangalore and manufacturing base at Hosur. Titan was encouraged by Questing Investment (A Tata Company) and Tamilnadu Industrial Development Corporation Ltd. On that time Titan had launched Quartz segment watches along with mechanical watches. Where as H.M.T. has largely ignored the Quartz watches and has thus left this market open.

Now the watches sales in the market is way in Quartz segment. Thus if the classification of watch Industry can be done on the basis of Quartz, mechanical and Digital. Then the world wide corporation of watch
market has shown in the Table 1.1. As per the table of Quartz, mechanical and digital share was 60%, 13% and 27%.

Till today (year 2000-2001) different companies like H.M.T., Titan, Timex, Allwyn market share is 23%, 58% 72%, and other company 5%. So where as the H.M.T. concern the market share has registered have reduction against 67% of market share since 1984.

**H.M.T. (Watches) Production:**

H.M.T. watches known as Chimti for its quality in rural area of India. Before 1987 H.M.T. was manufacture Mechanical watches only. But after that since 1990 it was produce Mechanical, Quartz & Digital watches just for to stand in the competition on the market. Time to time H.M.T. (watches) production capacity has setup. As per the Table 1.2. H.M.T. (watches) production capacity has since 1989-90 to 2000-01 following as - Since 1989-90 capacity was 70.95 Lakhs more. 1990-91 75.40 lakhs nos, & 1991-92 to 2000-2001 capacity was 75 lakh nos. Where as production was since 1989-90 – 59.39. The maximum production was since 69.26 lakh nos since 1991-92, retrospectively production min. since 1999-2000 21.59 lakh nos. Since 1993-94 the production has huge decreased against previous year, in this year it was decreased 47.40% against previous year where a s in the year 1997-97 it has just to try maintain his figure's against previous year.

H.M.T. (watches) performance is equalized against total production of Indian Watch Industry in which consist of organized & unorganized sector watch concern along with grey market production.
watches. Than it has exhibited in the Table 1.3. As per the Table since 1991-92 to 1996-97 total production of Indian Watch Industry was 235.29 lakh more, 293.98 lakh more, 306.53 lakh more, 209.15, 245.84 & 293.84 lakh more. Among this figure H.M.T post of share was may since 1991-92, 1992-93 & 1994-95 which was share as 29.43%, 18.62% & 12.86% where as lowest part of share of production since 1993-94, 9.91% again 1995-96, 1996-97 H.M.T, had tried to watches the production figure on the share part of total production of Indian Watch Industry.
The World Wide Composition of the

*Watches market*

<p>| | |</p>
<table>
<thead>
<tr>
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<tr>
<td>Quartz</td>
<td>60%</td>
</tr>
<tr>
<td>Mechanical</td>
<td>13%</td>
</tr>
<tr>
<td>Digital</td>
<td>27%</td>
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(Table 1.1)
# H.M.T.(Watches) Production Performance

(Unit – 000 Nos)

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Production</th>
<th>Indian Watch Industry</th>
</tr>
</thead>
<tbody>
<tr>
<td>1989-90</td>
<td>23529.0</td>
<td>29.43</td>
</tr>
<tr>
<td>1990-91</td>
<td>29398.0</td>
<td>19.62</td>
</tr>
<tr>
<td>1991-92</td>
<td>30653.0</td>
<td>9.91</td>
</tr>
<tr>
<td>1992-93</td>
<td>20915.0</td>
<td>12.86</td>
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<tr>
<td>1993-94</td>
<td>24584.0</td>
<td>14.81</td>
</tr>
<tr>
<td>1994-95</td>
<td>29530.0</td>
<td>12.47</td>
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</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>M.T. Watches</th>
<th>Percentage</th>
</tr>
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<tbody>
<tr>
<td>1989-90</td>
<td>5939.3 (18.73)</td>
<td>13.43</td>
</tr>
<tr>
<td>1990-91</td>
<td>6320.1 (19.93)</td>
<td>15.04</td>
</tr>
<tr>
<td>1991-92</td>
<td>6926.0 (21.84)</td>
<td>15.84</td>
</tr>
<tr>
<td>1992-93</td>
<td>5768.7 (18.19)</td>
<td>13.74</td>
</tr>
<tr>
<td>1993-94</td>
<td>3036.1 (9.58)</td>
<td>9.91</td>
</tr>
<tr>
<td>1994-95</td>
<td>2690.6 (8.48)</td>
<td>11.17</td>
</tr>
<tr>
<td>1995-96</td>
<td>3642.3 (11.49)</td>
<td>11.62</td>
</tr>
<tr>
<td>1996-97</td>
<td>3683.6 (11.62)</td>
<td>11.62</td>
</tr>
<tr>
<td>1997-98</td>
<td>3590.5 (100)</td>
<td>100</td>
</tr>
<tr>
<td>1998-99</td>
<td>3483.7 (93.52)</td>
<td>93.52</td>
</tr>
<tr>
<td>1999-2000</td>
<td>3179.5 (82.50)</td>
<td>82.50</td>
</tr>
<tr>
<td>2000-01</td>
<td>1856.2 (73.47)</td>
<td>73.47</td>
</tr>
</tbody>
</table>

(Table 1.2)
**Production share of H.M.T. (watches) to Indian Watch Industry**

(In Lakh Nos)

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Total production of Indian Watch Industry</td>
<td>235.29</td>
<td>293.98</td>
<td>306.53</td>
<td>209.15</td>
<td>245.84</td>
<td>295.30</td>
</tr>
<tr>
<td>H.M.T. (watch) Production</td>
<td>69.26</td>
<td>57.68</td>
<td>30.36</td>
<td>26.90</td>
<td>36.42</td>
<td>36.83</td>
</tr>
<tr>
<td>%share of H.M.T. (watch) on total Production Indian Watch Industry</td>
<td>29.43</td>
<td>19.62</td>
<td>9.91</td>
<td>12.86</td>
<td>14.81</td>
<td>12.47</td>
</tr>
</tbody>
</table>

(Table 1.3)
### H.M.T. (watches) Production

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Year</th>
<th>Production Capacity</th>
<th>Production</th>
<th>Production Increased Or Decreased over previous year</th>
<th>%Utilization of production capacity</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>1989-90</td>
<td>70.95</td>
<td>59.39</td>
<td>-</td>
<td>84</td>
</tr>
<tr>
<td>2.</td>
<td>1990-91</td>
<td>75.40</td>
<td>63.20</td>
<td>6.58</td>
<td>84</td>
</tr>
<tr>
<td>3.</td>
<td>1991-92</td>
<td>75.00</td>
<td>69.26</td>
<td>9.62</td>
<td>92</td>
</tr>
<tr>
<td>4.</td>
<td>1992-93</td>
<td>75.00</td>
<td>57.68</td>
<td>-16.76</td>
<td>77</td>
</tr>
<tr>
<td>5.</td>
<td>1993-94</td>
<td>75.00</td>
<td>30.36</td>
<td>-47.40</td>
<td>40</td>
</tr>
<tr>
<td>6.</td>
<td>1994-95</td>
<td>75.00</td>
<td>26.90</td>
<td>-11.22</td>
<td>36</td>
</tr>
<tr>
<td>7.</td>
<td>1995-96</td>
<td>75.00</td>
<td>36.42</td>
<td>-35.32</td>
<td>49</td>
</tr>
<tr>
<td>8.</td>
<td>1996-97</td>
<td>75.00</td>
<td>36.83</td>
<td>0.01</td>
<td>49</td>
</tr>
<tr>
<td>9.</td>
<td>1997-98</td>
<td>75.00</td>
<td>30.59</td>
<td>-16.94</td>
<td>40</td>
</tr>
<tr>
<td>10.</td>
<td>1998-99</td>
<td>75.00</td>
<td>30.58</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>11.</td>
<td>1999-2000</td>
<td>75.00</td>
<td>21.59</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>12.</td>
<td>2000-2001</td>
<td>75.00</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

(Table 1.4)

(Sources: Center Monitoring of Industrial Economy Ltd. Bombay.)

15
MARKETING STRATEGY

WHAT IS MARKETING STRATEGY :-

“A marketing strategy specifies a target market and a related marketing mix”.

To interrelated parts are needed:-

(1) Target market: - A fairly homogeneous (similar) group of customer to whom a company wishes to appeal.

(2) Marketing mix : - The controllable variables which the company puts together to satisfy this target group.

The importance of target customers in this process can be seen in exhibit 1.1 where the customer (c) is at the center of the diagram. The customer is surrounded by the controllable variable that we call the marketing mix. A typical marketing mix include some product offered at a price, with some promotions to till potential customer about the product and way to reach the customer place.6

Marketing Strategy :-

Marketing strategy is the set of guidelines and policies used for effectively matching marketing programmers with target market opportunities in order to achieve organizational objectives. It is oriented toward the long run, comprised the fundamental decision and developed

with an eye to competition as well as markets. Developing marketing strategy includes deciding which customers to target and how to position products and organization relative to competitors in the minds of existing and potential customers. Basically a marketing strategy outlines how marketing objectives will be achieved.

Various Guideline Have Been Advocated To Assist In Formulating, Implementing And Managing “Marketing Strategy”:

These include:

(i) Matching marketing strategy to market situation and the stage of the product life cycle.

(ii) Analyzing competitive forces to identify a firm’s unique advantages.

(iii) Assessing the strategic implications of environmental forces.

(iv) Incorporating the effects of corporate and business unit strategies into marketing strategy.

Major Activities For Development Of “Marketing Strategy”:

(1) Monitoring the relevant strategic forces.

(2) Evaluating the strategy situation.

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(AFFECTING FACTORS OF MARKETING STRATEGY)

Marketing Situation's and Product Life Cycle.


Environmental forces.

(Figure - 1.1)
(2) Selecting a marketing strategy appropriate to the strategic situations.

(3) Implementing and managing the strategy.

Strategy development is a continuing process. Though major adjustments are not made frequently. Periodic review of a firm’s marketing strategy is appropriate, given the rapid rate of change in many product markets covered by various strategic forces.

FACTORS AFFECTING MARKETING STRATEGY:

The major types of factors that affect marketing strategy are exhibited in the Table - 1.1. These include the market situation and the product life cycle. The competitive situation, Environmental influences on the firm and its markets, and the other strength, weaknesses and other characteristics. Firm must continually monitor their marketing strategy to capitalize on how opportunity and to avoid the potential pitfalls that these factors may present. An understanding of the strategic situations and its implication for marketing decision making is essential. Analysis of the strategic situation field important guideline for making marketing decision and provide a basis to effectively linking corporate and marketing strategy.

Matching Situations To Strategy Options:

By placing a particular strategic situations into one of the fine situational categories, the strategies implication of the situations can be

9 ibid P - 91
10 ibid P - 92
analysed and feasible marketing strategy option considered. The objective is to demonstrate how one or more specific marketing strategy option are appropriate to a given strategies situation. Six strategy options encompass the range of possibilities. It is important to view the strategic options as illustrative rather than as representing a co portfolio of marketing strategy options. Many specific strategies exist within each option, and a combination of two of the strategy option may be appropriate in specific situations.

1) **Multiple Targeting Strategy:**

This strategy consists of selecting and developing a marketing program for each of several targets market. The company using a multiple targeting strategy would be marketing to a substantial portion of a product type product market by operating in various market segments. For this strategy to be effective marketing segmentation must be feasible.

(a) **Market Development Situations**:

In the early stages of the product life cycle. There may be advantages to dividing the market into a few broad categories of users and potential uses. The objective this strategy is to rapidly expand the market by increasing the potential buyer.
(b) Market Domination:

A effective strategy for market domination is to target all or most of the segments in a mature market. Typically mature market contains buyers with differentiated needs and thus segmentation is necessary.

2) Selectivity Targeting:

This strategy is appropriate in differential advantage and market selectivity situations. The strategy can be excluded when markets segments exists.

(a) Differential Advantage Situations:

The possession of special advantages may enable to firm to selectivity target users that want the advantages provided by firm.

(b) Market Selectivity:

Targeting one or a few market segments is a necessary strategy for small firms in mature industries that comprise large and small firms. Various bases of segmentation may be appropriate depending on the firm's capability and on nature of scope of competitive firms.

3) Differential Advantage Strategy:

This strategy may be appropriate in any strategy situation. Differential advantage may total various forms. The strategy is appropriate for firms of all size in an industry or competitive group.
4) Acquisition / Merger/Joint Venture Strategy:

Combining business captivity through acquisition, merger, or joint venture may be an appropriate strategy for various strategic situations.

5) Diversification Strategy:

This strategy option offers an attraction avenue for growth if the existing product market area is growing slowly or decline. Diversification provides the advantage of spreading risk over two or more business area.

6) Harvest/Divest Strategy:

A strategy situation that offers no advantage to a firm call for a harvest/divest strategy if no opportunity exists for improving the situation. This strategy eliminated the business sale or liquidation.

NEED OF MARKETING STRATEGY

In this age of hectic competition, fast communication, increasing government intervention, soaring cost of production due to inflation, resources shortage, technological advancement, emerging consumer movement and raising trade complexities modern market has become increasing complex and challenging under these circumstances. An enterprise cannot achieve its long term customer and profit objectives without an effective marketing strategy. It is more significant for the concern selling its product in market abroad. In the context of globalization
of market, Indian Enterprises are now facing several problems in selling for their product at profitable prices. This is due to the arrival of different companies of world market with their products in India (more attractive and quality conscious) along with low prices and sufficient available Indian industry must possess on productivity, quality and availability of product along with the strong marketing strategy for their product to attract the market and enhanced their sale. Industries can produce quality products comparable to the other companies of the world for making them available in the market at the marketable price. But such selling will not be materialize if marketing strategy adopted by company are not having scientific and system oriented approach. That is why, the maximum companies wants to adopted the competitive marketing strategy seem to have evolved more out of general awareness of market place and intention to build a better market of product.

This is the reason why top management today is putting increased pressure on marketing execution to think more strategically and marketing executives are responding by selling out their strategy in clear terms in their plan.

**MARKETING STRATEGY:**

A Conceptual Framework:

Marketing strategy has been defined in different ways by different author. Even one author has given different definition on term some definitions are following as –
Marketing strategy defines the broad principles by which the business unit experts to achieve its marketing objectives in target market. It consists of basic decision on total marketing expenditure, marketing mix and marketing allocation.12

Marketing strategy involves the identification of marketing objectives, the analysis of marketing environment, the choices between alternatives strategies.13

Marketing strategy is a comprehensive plan to minimize investment risks and to chart the future course of economic and operational expansion of the environment.14 Marketing strategy is the marketing logic by which the business units hopes to achieve its marketing objectives. Marketing strategy consists of specific strategies bearing on target markets, marketing mix, marketing expenditure level.15

Marketing strategy must be based on consumer needs but also on the company's industry position and resources relative to competitors. Depending on its position & strength,16 marketing strategy consists of two equally important stages strategy formulation and strategy implementation.17

So in the general paralance, marketing strategy spells out again plan for attainment the business objectives or product market objectives. An effective marketing strategy indeed to achieve batter

12 Philip Kotlar, marketing management (Analysis, planning, implementation & control) 6th Ed. 1989 practice hall of India Pvt. Ltd. New Delhi P. 171
13 A.R. Morden "Element of marketing"
15 Philip Kotlar "Principal of marketing" 3rd Ed. 1987 practice hall of India Pvt. Ltd. New Delhi P-75
16 Ibid P-51
coordination of group efforts and finally guide in developing suitable performance measuring tools and standards and thereby helps achieve organization's goals of profit maximization through maximum satisfaction to the customers.

Formulation Of Marketing Strategy:

The formulation process is the process of deciding where you want to go, what decision must be made and when they must be made in order to get there. The outcome of this process results in the organization doing the right thing by producing goods and services for which there is a demand or need in the external environment. When this occurs, we say the organization has been effective as measured by market response. Such as sales and market shares. All organization must be effective or responsive to their environment to survive in all long runs.

Strategy formulation can be following as:

1. Scans, the external environment and industry environment changing condition.
2. Interpret the changing environment in terms of opportunity or threats.
3. Analyzes the firm's resources base for assets strength and weakness.
4. Defines the mission of business by matching environment opportunity and threats with resources strength and weakness.
5. Set good for pursuing the mission based on top management values and sense of responsibility.\textsuperscript{18}

\textsuperscript{18} Dr. Bonita H.M.T. Melcher and Dr. Harold Kelzner – "Strategic Planning development and implementation" Tab book Inc Blue Ridge Summit U.S.A. P.P. – 1-2.
Michael Poster has condemned them into three generic types that provide a good starting points for strategy thinking so according to poster following types of formulation of marketing strategy techniques.

(i) Overall Cost Leadership:

Here the business work hard achieves the lowest production and distribution cost. So that it can price lower than its competitive and win a large market share firms pursuing this strategy must be good at engineering, purchasing, manufacturing and physical distribution.

(ii) Differentiation:

Here the business concentrate on achieving superior performance in an important customer benefit area value by a large part of the market. It can strive to be the service leader, the quality leader, the style leader, the technology leader and soon. The firm Cultivates those strength that will give it a competitive advantage in one or more benefits. Thus the company seeking quality leadership must take as best components.

(iii) Focus:

Here the business focuses on one or more narrow segments rather than going after a large market. The firms get to know these segments, needs and pursue either cost leadership or form of differentiation within target segments.  

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Components Of Marketing Strategy:

Different authors have given a different set of components of marketing strategy. Among them some authors views are following as –

According to Philip Kotlar, the marketing strategy statement consists of three parts –

(a) The size, structure and behavior of the target market the intended positioning of the news product in the market, and sales market share and profit goals being sought in the first year.

(b) The products intended prize, distribution strategy and marketing budget for the first year and.

(c) The intended long run sales and profit goals and marketing mix strategy overtime.\(^\text{20}\)

According to E.J. McCarthy developing a marketing strategy is a two-step process-

(a) Selection of target market – The selection of particular group of costumers to whom the company wishes to appeal.

(b) Development of “Marketing mix” – The choices of elements which the company any intends to combine in order to satisfy this target group\(^\text{21}\).

\(^{20}\) Philip Kotlar “Marketing Management (Analysis, Planning, Implementation, and control) 6\(^{th}\) Ed. 1989 Practice Hall of India New Delhi P.P. 420 - 421

\(^{21}\) E.J. McCarthy “Basic Marketing – A managerial approach Richard D Irwin the Illinios 1964 PP 25-26
Two general marketing strategy alternatives are alternatives according to Robert F. Hartley:

(a) Product differentiation stresses product differences even through the product may be similar to competitors and it is geared to abroad of the market.

(b) Market segmentation pinpoints certain target markets and tailors the product market efforts to this group and segmentation.22

Marketing strategy consists of two parts:

(a) A marketing strategy consist of market target – Selecting the type of customers whose patronage will be sought and.

(b) “The composition of marketing mix” – Picking a combination of sales promotion devices that will be employed.23

Over all marketing strategy is a composite build up are put together by blending various inputs (products, marketing channel and physical distribution system, advertisement, personal selling other promotion and prices.) In different combination to achieve desired output (i.e. – objective) Such as some target system return on investment, market share and brand image.24 How ever our analysis would be carried out on the

24 Candiff, Still and Bovoni – Fundamental of modern marketing practice Hall of India Pvt. Ltd. New Delhi 1982 P-428
basis of selection of target market and development of the marketing mix given by healthy and ox field and adopted by many author on the subject.25

(I) (a) Selection Of Target Market:

The first steps in the formulation of marketing strategy is to decide upon the target market where it proposes to serve. Target marketing says that a marketing mix is tailored to fit some specific target customers. Another way it can be specified that target market mean – Big market and profit. In the general parlance it can by say that target marketing is not limited to small segments – only to fairly homogeneous once. A very large market even what is some time called as "Mass market" may be fairly homogeneous and target marketers deliberately aim at it. The basic resin for marketing manager to fours on some specific target costumers is to gain a competitive advantage be developing a more satisfactory marketing mix.26

(b) Development Of Marketing Mix:

The firm took is to find the best setting for its marketing decision variables. The setting constitutes its marketing mix.27 Different another classified marketing mix in different ways. The polices adopted by the manufacturer to attain success in the market constitute the marketing mix.28

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27 Philip Kotlar Marketing management P- 43
28 Modern marketing management R.S. Davis P- 14
In this connection it is significant to note that developing marketing mix is not an "easy" task. Target customer can be satisfied by different ways. Product that is offered to them may have different colours, appears, taste and aroma. Different package size can be used with different colours and material and different types of package may contain different brand names and trade marks. Various advertisement media such as newspapers, magazines, radio, television may be used to publish the product. Different pricing policies can be adopted and different types of channel of distribution may be used to reach the product to target market/target customer. It will be fulfilled through the best promotion tools.

(1) (b) (i) Product:

Product decision regarding H.M.T. (watches) include decision with regard to standards, grades, quality, blending product, differentiation, product innovation, packaging, labeling and branding. These decisions have to be taken with due regard to the need, wants, attitudes, preferences, tastes, values, motivation and buying behavior of the ultimate customer of the target market. Further competitive business structure, customer's ability to pay for the product, physical distribution system, pricing, promotional policies and resources of the firm also must be taken into consideration in the course of product decision. Some of the economic variability effects the selling of product decision viz. The elasticity of demand, customer income, supply, monopoly and competitive market position.

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(b) (ii) **Place:**

A product or service is not much good to the customer if it is not available when and where it is wanted. We must consider where, when, and by whom the good are to be offered for sale. Sometimes for example, complicated channels of distribution are necessary while at other times very simple methods are effective. Whole selling, retailing, transportation and storage play a part in the distribution of most goods and services. Along with these financial resources (for providing credit facility), pricing policies and strategies and promotional policies both of the intermediaries affect the place strategy.

(b) (iii) **Price:**

Pricing and price differentiation have to be based on product characteristics, demand and supply position, channel of distribution, promotional cost, Govt. regulation, pricing objectives and rivals (both home and foreign) activities and policies / strategies. In this regard, in setting the price, marketing executive must consider the nature of competitive. In this regard the target market as well as the existing products on mark ups, discounts and terms of sale.

(b) (iv) **Promotion:**

Decision regarding promotional policies and strategies involve decision respect to promotional techniques appropriate to target market. There effectiveness and resources that would be required for the purpose. Advertising, personal selling, label, promotion and publicity, indeed are

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The chief promotional tools. Decision about these would be based on the product franchise capability of the firm, cost and courage of promotional activities, legal and lay consideration, stage of product demand, promotional policies of channels used and of competitions, customer characteristics with respect to language, media habit, etc. We find out that promotion can be actually add value to products by exiting "News" products which can be sold more readily of the same or even higher prices.

Objectives of the study:

As already mentioned, HMT is a public sector undertaking producing consumer goods (watches) and industrial goods. The present work is directed to study the marketing strategy of HMT, particularly with reference to watches. This is because of the fact that once successful, this public sector undertaking, manufacturing and selling watches is now lagging behind from its competitors. In the beginning these were no competitors and the company achieved grand success. But with the passage of time, competition increased and probably the company could not change its marketing strategy consist of identification of marketing objectives, selecting target market and developing marketing mix which includes product, place, price and promotion. Thus, the objectives of present study are:

1. Examining the philosophy of the organisation and its marketing objectives.
2. Examining the market analysis and target market selection as done by the company.
3. Examining the product development and product positioning policies of the company.

4. Examining the channel of distribution policies and practice of the company.

5. Examining the pricing policies and practices of the company.

6. Examining the promotional policies of the company.

7. Suggesting improvements wherever necessary to make the marketing strategy of the unit more effective.

Apart from the above, the organizational pattern and financial performance of the unit would also be covered.

Research Design

a. Scope of the study:

The study would examine the marketing strategy of HMT with particular reference to watches. HMT is a public sector undertaking engaged in production and marketing of both consumer and industrial goods.

b. Period of study:

The study would cover the entire period of the enterprise beginning from 1953. During this period, significant changes have taken place in public sector undertaking in India. HMT has also greatly expanded, modernize and diversified its activities.

c. Collection of data:

Data will be elicited both from primary and secondary sources. The primary data would be collected with the help of
questionnaires and secondary data from the relevant publications of HMT and other governmental and non-governmental publications.

d. Analysis of data:
The data so collected will be suitably tabulated, analysed and interpreted using various statistical tools. The main statistical tools to be used are ratio analysis, percentage analysis, index numbers, growth rate analysis and time series.

Plane of the study
Chapters- the tentative chapters of the study are planned to be as follows:
1. introduction
2. identification of marketing philosophy and objectives
3. Market analysis and target market development
4. product analysis and positioning
5. Channel of distribution analysis
6. Pricing strategy analysis
7. Product promotion
8. Summary, conclusion and suggestion.
Conclusion: In the introduction chapter has comprises the Genesis of H.M.T. concern and meaning, formulation, & near of marketing strategy.

H.M.T Ltd was incorporated in 1953 as a public sector undertaking to produce machine tools, wrist watches, Tractor, Printing, over the year's H.M.T. setup several manufacturing units in different place H.M.T. registered office is situated in Banglor. Its Organisation structure is made such as that chairman & Managing Director, supervised and control over all manufacturing units Viz Machine tools, watches, Tractor, H.M.T. (International), Chief Vigilance officer and every unit chief executive body is called as "Executive director. H.M.T. concern is today inlisted in (1) Mumbai stock exchange (2) National stock exchange. Company trying to reduce the manpower up to 15000 since 2000-2001 from the existing 22000 work forces and for that the sum of Rs. 200 crore would be Remarked immediate after the cabinet approval for setting the account of about 7000 employees who will adopted voluntary retirement Govt. have need the target to reduce 6974 employees through VRS scheme.

Today H.M.T. is a sick unit and for ailing it cabinet approval a Rs. 2700 Crore restructuring package for turn around. Financial package also include conversion of loan worth Rs. 39.70 Crore to H.M.T. into Equity, interest will be written off H.M.T. Ltd.'s restructuring and subsidiarisation has recently a major boost. With financial Institution agreeing to a one-time settlement to retire Rs. 304 crore depts. H.M.T. has listed/registered following new subsidiary companies of H.M.T. ie- H.M.T. machine tools, H.M.T. watches, H.M.T. Tractor.

H.M.T. facing the stiff problem related to the unviable units the lamp machinery division in Hyderabad has closed down with the majority of work force being altered VRS and deployed other.
Since 1992-93 to fill today H.M.T. reported losses continuously. Since 2000-2001 H.M.T. loss was 58.18 crore rupees. India is a country among all over the world who manufacture mechanical & Quartz watches. Indian watches Industry comes to an existence since 1960 when H.M.T. was a only concern Today following major players are giving the stiff competition to H.M.T. VIZ – Titan, Timex, Allwyn, Citizen, Sitco, Sakura, Bifora etc. Titen is a major player in the market. In the Era 1960’s to 1986, H.M.T. was known as a chimti for its quality as for the table 1.1 Quartz, Mechanical & Digital watches share in the market is – 60%, 13%, & 27% and Till 2000-2001 Titan, H.M.T. & Timex, Allwyn market share is – 58%, 23%, 12% & 5% Total Indian market production of watches since 1996-97, 295.30 lakh nos. where as H.M.T. watches production was 36.83 lakh Nos. it means H.M.T. (Watches) % of share on Total production was 12.47%.

Marketing strategy has defined by different author by different way but in the general paralance marketing strategy means-(i) Target market (ii) marketing mix another way in can be defined as marketing strategy is a set of Guide lines and policies used for effectively watching marketing programs with target marketed opportunities in order to achieve organizational objectives different factor which are affected to the marketing strategy like- Environmental faces, competition, organizational situation, marketing situation etc.

Different authors have given a different set of components of marketing strategy according to E.J. mecorthy.

(i) Target market (ii) Marketing mix

Target market consist of (i) market target (ii) market segmentation marketing mix means- 4P’s product, place, price, promotion. So in the general Paralance marketing strategy spells out again plan for attainment the business objective or product market objectives.