The questionnaire used during the field work.

PART I: THE MARKETING ENVIRONMENT AUDIT

MACRO ENVIRONMENT:

A. Economic Demographic:

1. What does the company expect in the way of inflation, material shortages, unemployment and credit availability in the short run, intermediate run and long run?

2. What effect will forecasted trends in the size, age distribution, and regional distribution of population have on the business?

B. Technology:

1. What major changes are occurring in product technology?
   In process technology?

2. What are the major generic substitutes that might replace this product?

C. Political-Legal:

1. What laws are being proposed that may affect marketing strategy and tactics?

2. What federal, state, and local agency actions should be watchful? What is happening in the areas of pollution?
control, equal employment opportunity, product safety, advertising, price control etc. that is relevant to marketing planning?

D. Social-Cultural:

1. What attitudes is the public taking toward business and toward products such as those produced by the company?

2. What changes are occurring in consumer life styles and values that have a bearing on the company's target markets and marketing methods?

**TASK ENVIRONMENT:**

**A. Markets:**

1. What is happening to market size, growth, geographical distribution and profits?

2. What are the major market segments? What are their expected rates of growth? Which are high opportunity and low opportunity segments?

**B. Customers:**

1. How do current customers and prospects rate the company and the competitors, particularly with respect to reputation, product quality, service, sales force and price?

2. How do different classes of customers make their buying decisions?
3. What are the evolving needs and satisfactions being sought by the buyers in this market?

C. Competitors:

1. Who are the major competitors? What are the objectives and strategy of each major competitor? What are their strengths and weaknesses? What are the sizes and trends in market shares?

2. What trends can be foreseen in future competition and substitutes for this product?

D. Distribution and Dealers:

1. What are the main trade channels bringing products to customers?

2. What are the efficiency levels and growth potentials of the different trade channels?

E. Suppliers:

1. What is the outlook for the availability of different key resources used in production?

2. What trends are occurring among suppliers in their pattern of selling?

F. Facilitators:

1. What is the outlook for the cost and availability of transportation services?
2. What is the outlook for the cost and availability of warehousing facilities?

3. What is the outlook for the cost and availability of financial resources?

4. How effectively is the advertising agency performing?
   What trends are occurring in advertising agency services?

PART II MARKETING STRATEGY AUDIT

A. Marketing Objectives:

1. Are the corporate objectives clearly stated, and do they lead logically to the marketing objectives?

2. Are the marketing objectives stated in a clear form to guide marketing planning and subsequent performance measurement?

3. Are the marketing objectives appropriate, given the company's competitive position, resources and opportunities? Is the appropriate strategic objective to build, hold, harvest or terminate this business?

B. Strategy:

1. What is the core Marketing Strategy for achieving the objectives? Is it a sound marketing strategy?
2. Are enough resources (or too much resources) budgeted to accomplish the marketing objectives?

3. Are the marketing resources allocated optimally to prime market segments, territories, and products of the organisation?

4. Are the marketing resources allocated optimally to the major elements of the marketing mix, i.e. product quality, service, sales force, advertising promotion, and distribution?

PART III  MARKETING ORGANISATION AUDIT

A. Formal Structure:

1. Is there a high level marketing officer with adequate authority and responsibility over those company activities that affect the customer's satisfaction?

2. Are the marketing responsibilities optimally structured along functional, product, end user, and territorial lines?

B. Functional Efficiency:

1. Are there good communication and working relations between marketing and sales?
2. Is the product-management system working effectively? Are the product managers able to plan profits or only sales volume?

3. Are there any groups in marketing and need more training, motivation, supervision or evaluation?

C. Interface Efficiency:

1. Are there any problems between marketing and manufacturing that need attention?

2. What about marketing and R & D?

3. What about marketing and financial management?

4. What about marketing and purchasing?

PART IV MARKETING SYSTEMS AUDIT

A. Marketing Information System:

1. Is the marketing intelligence system producing accurate, sufficient and timely information about developments in the market place?

2. Is marketing research being adequately used by company decision makers?
3. Does the company carry out adequate product and market testing before launching a new product?

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PART V MARKETING PRODUCTIVITY AUDIT
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A. Profitability Analysis:

1. What is the profitability of the company's different products, served markets, territories and channels of distribution?

2. Should the company enter, expand, contract or withdraw from any business segments and what would be in the short and long run profit consequences?

B. Cost-Effectiveness Analysis:

1. Do any marketing activities seem to have excessive costs? Are these costs valid? Can cost-reducing steps be taken?

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PART VI MARKETING FUNCTION AUDITS
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A. Products:

1. What are the product line objectives? Are these objectives sound? Is the current product line meeting these objectives?
B. **Marketing-Planning System**: 

1. Is the marketing planning system well conceived and effective?

2. Is sales forecasting and market potential measurement soundly carried out?

3. Are sales quotas set on a proper basis?

C. **Marketing Control System**: 

1. Are the control procedures (monthly, quarterly etc) adequate to insure that the annual plan objectives are being achieved?

2. Is provision made to analyse periodically the profitable of different products, markets, territories and channels of distribution?

3. Is provision made to examine and validate periodically various marketing costs?

D. **New-Product Development System**: 

1. Is the company well organised to gather, generate, and screen new product ideas?

2. Does the company do adequate concept research and business analysis before investing heavily in a new idea?
2. Are there particular products that should be phased out?
3. Are there any products that are worth adding?
4. Are any products able to benefit from quality, feature, or style improvements?

**Price:**

1. What are the pricing objectives, policies, strategies, and procedures? To what extent are prices set on sound cost, demand, and competitive criteria?
2. Do the customers see the company's prices as being in line or out of line with the perceived value of its offer?

**Distribution:**

1. What are the distribution objectives and strategies?
2. Is there adequate market coverage and service?
3. Should the company consider changing its degree of reliance on distributors, sales representatives and direct selling?

**Sales Force:**

1. What are the organisation's sales force objectives?
2. Is the sales force large enough to accomplish the company's objective?
3. Is the sales force organised along the proper principle of specialisation (territory, market, product)?

4. Does the sales force show high morale, ability and effort? Are they sufficiently trained and are there sufficient incentives?

5. Are the procedures adequate for setting quotas and evaluating performances?

6. How is the company's sales force perceived in relation to competitor's sales forces?

E. **Advertising Sales Promotion and Publicity**: 

1. What are the organisation's advertising objectives? Are they sound?

2. Is the right amount being spent on advertising? How is the budget determined?

3. Are the ad themes and copy effective? What do customers and the public think about the advertising?

4. Are the advertising media well chosen?

5. Is sales promotion used effectively?

6. Is there a well conceived publicity programme?
REPORT ON PUMP INDUSTRY IN INDIA:

Power driven pumps:

They are broadly classified under two categories:

i) Power driven pumps for irrigation.

ii) Industrial Process pumps.

There are at present 52 units registered with a capacity of 7 lakh numbers, including 14,000 numbers of process pumps.

The production of all categories of pumps achieved by the existing units during last five years is as below:

<table>
<thead>
<tr>
<th>Year</th>
<th>Number in lakhs</th>
<th>Value in lakhs</th>
</tr>
</thead>
<tbody>
<tr>
<td>1977-78</td>
<td>3.35</td>
<td>4458</td>
</tr>
<tr>
<td>1978-79</td>
<td>3.63</td>
<td>4500</td>
</tr>
<tr>
<td>1979-80</td>
<td>3.55</td>
<td>5284</td>
</tr>
<tr>
<td>1980-81</td>
<td>4.07225</td>
<td>6678</td>
</tr>
<tr>
<td>1981-82</td>
<td>3.74</td>
<td>9018</td>
</tr>
</tbody>
</table>

The target for 1980-81 is fixed as 25 lakh numbers of electrical pumps and 4 lakh numbers of diesel pumps.

The process pumps for certain special application are being imported mostly along with complete process plants. The import figures:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1977-78</td>
<td>Rs. 25.63 lakhs.</td>
</tr>
<tr>
<td>1978-79</td>
<td>Rs. 30.74 lakhs.</td>
</tr>
<tr>
<td>1979-80</td>
<td>Rs. 30.74 lakhs.</td>
</tr>
</tbody>
</table>

The exports are mainly confined to pump for irrigation purposes. Export figures:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1977-78</td>
<td>Rs. 9.41 lakhs.</td>
</tr>
<tr>
<td>1978-79</td>
<td>Rs. 15.37 lakhs.</td>
</tr>
<tr>
<td>1979-80</td>
<td>Rs. 13.77 lakhs.</td>
</tr>
</tbody>
</table>

There is a good demand for the pumps required for chemical, fertilizer and other industries. The foreign collaboration will be considered for import for certain pumps require for specialised application.

A similar note on industrial valves, hermetically sealed compressors and machine tools has not been given. This is for the reasons that no such authentic data is available from Government of India, on valves and compressors. This type of report is available on machine tools industry but as KBL makes only two or three types of machine tools, their contribution to the total machine tools, industry is insignificant. Hence no purpose will be served by giving a write up on machine tool industry.
The Biscuit Industry:

The Biscuit Industry in India is represented by Organised and Un-organised sectors. During the period 1973-74 to 1978-79, they have registered a growth rate of 9.2%, lower than that of the bread industry. However, it is interesting to note that the two sectors of the bread industry are performing quite differently while the organised sector has been able to grow hardly at 3-4% per annum during this period, a large number of small scale units of 1-2 tonnes capacity have been growing at almost 15-20% per annum.

The projected estimate indicates that by 1983-84, the biscuit production will be exceeding 3.5 lakh tonnes. Further, unlike the case of bread, the noteworthy feature of the biscuit industry in the country is the increasing foreign exchange earnings through export of products to Middle East and African countries. The foreign exchange earnings showed an increase from 2.57 crores to Rs.3.65 crores in the year 1978-79 and 1979-80 respectively. The export of biscuit increased from 3500 metric tonnes to 4600 metric tonnes during the same period.

In recent years, the constraints faced by the biscuit industry are on the increase. The bakery shortening at reasonable cost is posing problem as also the sky rocketing prices of raw
materials like 'Maida' and 'Sugar'. It seems rather unfortunate that when the Indian exports are picking up fast, the industry is faced with such constraints.

The most interesting feature of small scale biscuit manufacturing units is that almost all the units are concentrating only on the manufacture of glucose type biscuits. It is felt that these units will have to give a serious thought towards extending their range of biscuits to be able to cover a bigger market.

One of the largest biscuits manufacturers are Parle's. They manufacture 15,000 tonnes of different varieties of biscuits per year. They have 3 sets of machinery each having a capacity of 5 tonnes per shift. As informed, the complete plant has been fabricated indigenously. It is felt by the government that there is adequate capacity for biscuit manufacturing in India. New units, especially of a higher capacity are not very much encouraged. Some of the state financial corporations as in Andhra Pradesh (A.P.F.C) are reportedly refusing to sanction the loans to new biscuit making units.
REPORT ON HOTEL INDUSTRY IN INDIA:

* In India, the hotel industry has been growing rapidly, particularly from 1971. The number of approved hotels, has more than doubled during the years 1971-82. Consequently from 152 to 1972 to 405 in 1982, the number of available rooms has increased from 9,091 in 1971 to 29,322 in 1982. In 1982, the number of approved hotels was 355, of which largest number of approved hotels was in 2 star category whereas 5% were from 5 star category.

In India, a number of hotel chains are operating successfully for example, Oberoi's, Taj Group, ITC(Welcome group) I.T.D.C. They are represented by both, private as well as public sector. Some of these have ventured abroad, particularly in Middle East and Sri Lanka. India also has international links with various hotel chains, initially limited to Sheraton and International continental, now with Hyatt, Holiday Inn and many others.

It is observed that the sales and profits of the hotel companies are increasing. The increasing number of domestic and foreign tourists contributes to the increase in profit. Occupancy ratio of the hotels in general is 70%, whereas the occupancy ratio of 5 star hotels is 86%.

Inspite of this, in general the hotel industry's performance is not much satisfactory. The hotel industry is branded as 5 star category and therefore fails to get preferential treatment from Government. The development of the industry is linked with tourism. The inadequacy of the infra-structure of tourism, comes in the way of development of the industry. India attracts only 2% of the world's tourists. She has lost a great deal to the neighbours in the field of holiday resort. India has been campaigning for the extensive sight seeing tours of ancient Indian monuments spread far apart. This involves tiring journeys and poor accommodation facilities often in the busy and noisy market areas. In addition, congestion at airports and inadequacies of internal air and surface transportation are the principal weaknesses of the tourism infra-structure.

To attract a large number of tourists it is necessary to develop tourism infra-structure. In fact, a large number of reasonably good hotel facilities are available at a various destination in India. It is necessary to have better tuning of this product to the market needs. Similarly, to attract the foreign tourists the campaign based on temples and Taj Mahal in Moon light should be replaced by the beaches of Goa, Mahabalipuram, Valleys of Kashmir etc. Therefore a clear cut strategy for the tourism industry, of which the hotel industry is a part, is necessary for attracting foreign as well as domestic customers.
The distribution of Liquidated Petroleum Gas is done by two companies namely Bharat Petroleum and Hindustan Petroleum. In all there are around twenty dealers of these companies in Punjab. Now the government has decided to appoint dealers area wise.

There is Government Control on all the aspects of the business like number of customers, competitors, prices and supply of the gas cylinders. The prices of the cylinders are fixed by the Government. The Government has decided to restrict the number of customers with the new dealers (maximum number 5000). The Government intends to apply the provisions of MRTP Act, to those dealers who have more than five thousand customers.

In 1965, the price per cylinder of 14 kg was Rs. 18 and the commission of the dealer was Rs. 3.25. Now in 1984 the price per cylinder is around Rs. 45, but the commission of the dealer is the same. (that is Rs. 3.25) With the increasing costs of running the business, especially of transportation and delivery charges of cylinders, profit margin of the dealers has almost disappeared.

Along with the gas cylinders the dealers are permitted to sell gas stoves. A dealer can make a maximum profit of 20% on the cost of the Gas stoves.