Chapter 1

Introduction
CHAPTER - I

INTRODUCTION

1.1 INTRODUCTION TO EFFECTIVE MARKETING

1.1.1 Many professionals have the firm belief that the strategic marketing coupled with concept selling is a means of achieving organisational effectiveness in terms of sales, profits and better customer orientation and satisfaction.

For each business, the company must develop a “game plan” for achieving its objectives. There is no one strategy that is optimal for all competitors in that business. Each company must determine what makes the most sense in the light of its industry position and its objectives, opportunities, skills and resources.

After a business unit decides on what to achieve, strategy answers how to get there. Every business must tailor a strategy for achieving its goals.

Peter Drucker pointed out that it is more important “to do the right thing” (being effective) than “to do things right” (being efficient). EFFECTIVE MARKETING encompasses the appropriate use of communications, power and selling in order to influence and thereby achieve a particular outcome.

It may be perceived that evolving marketing strategies is a continuous process to ensure the continued growth of sales turnover, improving services and maintaining and sustaining an innovative product profile. In sum, the marketing goals include:

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- Develop the product to realise the end-user effectiveness.
- Enhance the end-users' capabilities to perform their present job better with supplementary supported means.
- Develop the capabilities to handle future likely equipment.
- Develop and maintain a high satisfaction level of the sales force as well as customers.
- Strengthen marketer-customer relationship.
- Strengthen team spirit among different teams.
- Promote manufacturer-marketer-customer collaboration and networking.
- Promote climate of development, creativity and innovation, profits and a healthy bottom line.
- Fulfilling customer needs and wants.

From time to time many techniques have been applied for developing sales by the organisations. Some of them are as under:

1. Sales and service packages
2. Effective end-user training
3. Optimal upgradation of equipment
4. Trouble-free maintenance contracts
5. Purchase-finance arrangement

6. Ensuring delivery of top quality equipment

7. Providing accuracy and promptness in detecting disorders through advanced means of testing.


9. Planning and development of expansion facilities

10. Renewal and institution-building exercises


1.1.2 The Electronic Medical Diagnostic Equipment – EMDE

EMDE market in India is currently witnessing a spurt in growth, thanks to the expansion in demand for imaging and diagnostic systems. The boom in medical electronics – whether imaging systems like ultrasound, X-ray, scanning and MRI machines, or patient monitoring systems – has sparked off a host of collaborations and joint ventures with foreign companies since the early nineties. The market was beginning to look promising ever since.

EMDE is a scenario where technology is changing overnight. Indian companies, with no R&D to speak of have to depend on the hitech handouts of foreign partners. And in a freer clime, the big boys of the developed world are evincing greater interest. Clearly, the competition is hotting up. A long term view has to be taken about how fast the market will develop.
The researcher proposes to undertake an exploratory research study to find out whether any kind of marketing strategies and practices are being used in our country for the development of markets of Electronic Medical Diagnostic Equipment.

1.1.3 Research statement

The researcher proposes to formulate the research effort as under:

"A STUDY OF MARKETING STRATEGIES OF ELECTRONIC MEDICAL DIAGNOSTIC EQUIPMENT (EMDE) COMPANIES IN INDIA."

1.2 THE PROBLEM

It is presumed that technology features, competitive price and the quality of after-sales service are taken into account in choosing the EMDE product.

1. The presence or absence of any other factors, besides above three, which could influence a purchase decision is not known.

2. The absence of a body of information on the tools for promotion of EMDE and market development.

3. The presence or absence of any gap in the perception of EMDE-needs, between the manufacturers/suppliers of EMDE and customers/end-users is not known.
1.3 OBJECTIVES OF THE STUDY

1. To understand the factors/dimensions considered for purchase decision by customers.

2. To understand product promotion and distribution of EMDE manufacturers/suppliers in India.

3. To assess installation, training, after-sales service and customers satisfaction as perceived by customers in Hyderabad.

4. To analyse the need and methods for market development for EMDE manufacturers/suppliers in India.

5. To identify the need for product development and diversification strategies of EMDE manufacturers/suppliers in India.

6. To identify the important problems and business prospects of EMDE manufacturers/suppliers in India.

7. To study the linkages among various marketing instruments like selling strategies, after sales service, end-user training and maintenance bottlenecks, to mention a few.

8. To suggest a plan of action for developing marketing personnel and marketing programs through effective product management and HRD efforts.

1.4 DEFINITIONS AND CONCEPTS OF THE TERMS USED IN THE CHAPTER

EMDE : an acronym for Electronic Medical Diagnostic Equipment
1.5 **SCOPE OF THE STUDY**

1. The types of EMDE is vast due to the multitude of diagnostic end-applications demanding specific features, limits the scope to EMDE as a whole, without looking at individual equipment.

2. The highly technologically intensive nature of EMDE, limits the number of manufacturers to about fifteen, who are predominantly Indian arms of MNCs, a couple of Indian companies with technological collaborations with foreign companies, offering high value EMDE. The study attempts to cover almost all these companies.

3. A large number of marketers (dealers, distributors, marketing outfits) and other intermediaries also sell these equipments independently. The study limits such marketers based in Hyderabad only as the marketing strategic support is extended by the original manufacturer.

4. The customer sample is taken from Hyderabad only due to logistical constraints and wide geographic dispersion of the customers. However, a representative sample of corporate hospitals, government hospitals, diagnostic centres (small & large) and individual customers (Doctors) were taken from Hyderabad.

1.6 **NATURE OF THE STUDY**

The study is exploratory by nature, as apparently, no pre-existing published research work undertaken in India, precedes this effort/attempt.
It endeavours to describe the state of marketing activities in existence currently with relation to EMDE in India. Consequently, methods have been adopted to gather what is happening. Such an Ex-post facto study utilises different kinds of survey methods.

1. Questionnaire method.
2. Interview

- The researcher proposes to use the adapted version of Needs-satisfaction model.

- Researcher will develop questionnaires to study.

1. The linkages among various interactive components of marketing.
2. The equipment function and end-user effectiveness.
3. Problems in development of marketing strategies.

**Questionnaire method**

At the study explores the existing activities, it is imperative to seek responses from both sides of the marketing activity, i.e.

**MARKETER** → **BUYER**

*Marketers* may consist of companies manufacturing and marketing their own EMDE.

- Companies marketing different EMDE of other companies.
- Trading and distributing outfits dealing with various EMDE and acting as local representatives of their respective principals and involved in only implementation of marketing programmes.

**Buyers** consists of

- Individual customers who are also the end-users of the EMDE purchased.

- An institution or hospital or diagnostic centre making purchase decisions while several different individuals are actually using the EMDE.

- Medical specialist doctors – Radiologists, Pathologists, Biochemists, Haematologists, Cardiologists, Obstetricians and Gynaecologists, General Physicians.


Two different questionnaires were designed and used. One questionnaire aimed at the marketing group. A second one was used to gather information from the “Buyers-Users” group.

**Pre-testing questionnaires**

Both these questionnaires were pre-tested to obtain feedback on their adequacy, coverage, comprehensibility, user-friendliness and interest generating quality among respondents.
This effort was followed by making necessary and appropriate changes and modifying the questionnaire suitably. These final form of questionnaire were used for the study.

1.7 SAMPLE DESIGN

The EMDE business still being in the growth phase and the products being technology-intensive and capital-intensive, attracted a limited number of players. These are companies operating on a national scale with selected products. Hence, an enumeration was possible and questionnaires mailed to all the companies operating in the EMDE business in India.

On the other hand, numerous dealer-distributors were operating in the national as well as regional markets. An effort was made to elicit the responses of such respondents at Hyderabad city only due to resource constraints.

Similarly, a stratified random sampling procedure was adopted to obtain responses from buyer-users. This included the different types of buyers-users described earlier, viz., large hospitals, diagnostic centres, individual doctors. However, the sample was taken from Hyderabad city only.

1.8 PERIOD OF THE STUDY

As the study is on current status of the EMDE manufacturers/suppliers, with respect to marketing of EMDE, period is not specified.
1.9 DATA COLLECTION

1.9.1 Primary data

The questionnaires to companies located outside Hyderabad were couriered to the Heads of marketing units of various EMDE companies. The EMDE companies, including above, with offices in Hyderabad city were approached personally by the investigator to obtain responses as well as to conduct personal interviews.

Since, the buyer-user sample was drawn from Hyderabad itself, personal interaction along with the questionnaire response was successfully accomplished.

1.9.2 Secondary data

A fairly extensive survey did not reveal the availability of published research work on the topic being researched. The absence of organised research work is perhaps due to the nascent status of the EMDE business in India. However, several articles and informational write-ups have appeared in the business press of relevance, such as:

1. The Economic Times
2. Business India
3. Business World
4. Medical Equipment News
5. *AMA (Journal of American Medical Association)*
6. The Hindu, The Indian Express.
1.10 FRAME OF ANALYSIS

Data was analysed by applying appropriate statistical tests.

1.11 LIMITATIONS OF THE STUDY

1. The Electronic Medical Diagnostic Equipment consists of a wide array of items resulting in a few EMDE companies, each marketing only a small number of equipment.

2. Limited and scattered documentation and information sources availability.

3. Low response rates to questionnaires couriered to EMDE companies based outside Hyderabad and cost limitations to pursue them further.

4. Reluctance on the part of respondents to reveal negative answers, wherever the companies fall short in their marketing programmes.

5. Lack of interest among buyer-user respondents to complete the questionnaire. They were either ignorant or disinclined to differentiate marketing activities of different EMDE companies dealing with them and the time constraint.

6. The high-end EMDE market is in an early growth phase, leading to strategic market limitations for these EMDE companies.
112 CHAPTERISATION

The report is presented in the following chapters:

1. Introduction

Introduces the research theme and the research activities. The research design is presented here.

2. Review of Literature

This chapter reviews the genesis and evolution of marketing strategy.

This is followed by a review of the Medical Electronics Industry.

3. Overview of EMD Equipment, Market and Marketers

This chapter presents an overview of the Electronic Medical Diagnostic Equipment currently available. The chapter also discusses the different applications and usage the EMDE are put to by the medical fraternity, enabling an insight into the market segmentation and positioning demanded by the EMDE.

Further, an attempt to present an understanding of the EMDE market in India.

The chapter ends with the attempt to profile the marketing personnel of EMDE companies.

In this chapter, the key dimensions of the marketing strategy are examined.

Several activity-models of relevance to EMD Equipment are presented. The chapter further attempts to understand the factors considered by customers for purchase of EMDE.

5. Analysis of Data

The fifth chapter constitutes the analyses and interpretation of data from the marketers standpoint. The analysis is with regard to:

5.1 EMDE: Product promotion and distribution in India

5.2 EMDE: Market and customer development activities

5.3 EMDE: Product development and diversification strategies in India.

5.4 EMDE: Customer perceptions: Installation, Training and After Sales Service in Hyderabad.

This is based on analysis and interpretation of the data from the buyers/customers based in Hyderabad.
5.5 EMDE: Problems and prospects in India

The different problems associated with marketing of EMDE in India is presented.

Presenting the business prospects of EMD Equipment is also attempted.

The chapter begins with an appraisal of the development of market resources in organisations.

6. Suggestions, Conclusions and Recommendations

The sixth and final chapter summarises the findings and draws conclusions. Recommendations in the marketing of EMDE and future research direction is suggested.

Bibliography

Appendices
Chapter II

Review of Literature