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Chapter-1

Introduction

1.1: Introduction:

In the current business lexicon 'competitiveness is one of the most widely used word. Ever since we have broken our watertight concept of closed economy and forwarded ourselves towards global economy, the term 'competitiveness' in the Indian market is rising day by day. Hi-tech transformation, growing consumer claim, multifaceted cutthroat competition, have made it difficult for an entrepreneur to devise a full proof business strategy to perform beneficially in the long run. This experience of market uncertainty is creating major impact on firm's long run concerns like target formulation, policy choice, and break identification. It may influence short run pointers like market entrance time, life cycle pattern of brands, pricing and promotional strategies in a broad sense. This surely has a long-lasting impact on existing or future players of any particular product field. Now, time specific efficient utilization of available resources is the main mantra of entrepreneurial success. This calls for appropriate balance of inner forces in the light of outer threats and opportunities to cope with the continuous pressure of grow or go.
In this juncture major question is that why are firms growing in same product field more competitive than others? The simple but obvious answer is the role of environment in shaping the competitiveness of firms. Thompson and McEwen (1958) propagated two extreme conditions; either a firm has complete dominance on its environment or environment rules the firm. In practice, a firm operates in between two extreme situations. To perform in a better way in present era, every firm may depend on extensive environmental analysis and diagnosis as. It may be argued that environmental factors are firm level issues. Internal factors should get most importance in case of environmental consideration and to nurture competitiveness successfully. Alternatively it is also true that faster the speed of firm in adopting and integrating new innovations and reorganisation of external resources, greater is the chance of successful penetration and survival in the market. The present work aims to address this problem of analysis and diagnosis of the internal and external environments. In the next section we review literature to indicate earlier assumptions and future direction.

1.2: Review:

According to Chandler, 1962, strategy is the determination of the basic long-term goals and objectives of an enterprise, and the adoption of courses of action and the allocation of resources necessary for carrying out the goals," while structure is "the design of organization through which the enterprise is
administered. Ansoff's, 1965 and Lawrence and Lorsch (1967) emphasized organizations' internal procedure and features, such as decision-making processes, information-processing limitations, power and coalitions, and hierarchical structures as the major determinants.

Fahey and King (1977), Hofer and Schendel, 1978, stressed on importance of environmental scanning system for business success in complex environments. Environment is the first responding parameter where a marketer can feel the pulse of change. Further, Snow and Hrebinia k (1980) have suggested that action-performance linkages might take place because of the progress of necessary unique competences in changing environments. Porter (1981) summarised that a firm's performance is primarily a function of the industry environment in which it competes.

The environmental scanners have noticed that organisations are now operating in more complex environments than ever before (Van de Ven and Joyce, 1981, McGill and Slocum, 1994; Yadong, 2001). Obvious results are high uncertainty and risk because of complexity in decision-making. In true sense it may create ample scope of growth for intelligent strategic planner.

In the volatile environment faced by most of the competitive organizations, 'domain offensive' actions in the form of new products and services might also
be expected to jeopardize competitive advantage (Miles, 1982). Not everybody is following the same route to perform. But it may be true that all the players have certain industry specific bottom line (Barney and Hoskisson, 1990). This bottom line cannot be found in isolation and organisation should reconnect the whole.

Bettis and Hitt, 1995 popularised that firm's strategies are dynamic and actions initiated by one firm may trigger a series of actions among the competing firms. In their recent study Dean, Brown, & Bamford, 1998 further propagated that it has differential effects on large and small firms.

Earlier, Child, 1972 argued that managers had the discretion to make strategic choices; firm outcomes were not largely dictated by external environmental conditions. Two closely related content areas: the knowledge-based view (e.g., Kogut & Zander, 1992; Spender & Grant, 1996); and strategic leadership (e.g., Cannella & Hambrick, 1993; Finkelstein & Hambrick, 1996; Kesner & Sebora, 1994) have stressed on the internal aspects of the firm. This led to debates of environmental determinism versus strategic choice (e.g., Hitt & Tyler, 1991).

We then argue that organizational restructuring in a turbulent environment has the unanticipated consequence of producing short-term cognitive order in the top executives who engage in it, because restructuring creates a perceived
congruence or "fit" (Drazin & Van de Ven, 1985; Venkatraman & Camillus, 1984) between the organization's internal structure and the state of the environment.

It also generates a more behavioural or cognitive standpoint of strategic decision-making. This viewpoint is demonstrated in the works by Huff and others on cognitive mapping (e.g., Barr, Stimpert, & Huff, 1992; Huff, 1990; Markoczy & Goldberg, 1995) and in the works by Hitt and his colleagues using policy capturing (e.g., Hitt, Dačin, Tyler, & Park, 1997; Hitt & Tyler, 1991). Speed of strategic decision making has been simultaneously addressed by Eisenhardt (1989b). Recurrence of internal firm characteristics was obvious in the emphasis on competitive dynamics and boundary relationships between the firm and its environment (e.g., Chen, 1996; Gimeno & Woo, 1996; Kamani & Wernerfelt, 1985).

The spontaneous behaviour of environmental scanning has two dimensions, focus and intensity. The focus is influenced by the perceptive strength of general structure of the organization. The intensity of the spontaneous environmental scanning is influenced by the freedom of initiative in the working conditions (Sven Hamrefors, 1998). We have already mentioned that, Thompson and McEwen (1958) propagated two extreme situation-either a firm has a cent percent dominance on environment or the environment rules the firm.
Wadha (1974), Glueck (1980) and Bibault (1982), propagate economic and government factor as the most important external factor for any economic unit. Another one, popularised by Aguilier (1967) advocates that market/competitive factor is the prime factor of consideration during environmental analysis.

Barney presented a more complete framework to identify the needed characteristics of firm resources in order to generate competitive advantages (Barney, 1991). Four criteria were anticipated to measure the economic implications of the resources: value, rareness, inimitability, and substitutability. Value refers to the extent to which the firm's combination of resources fits with the external environment so that the firm is able to exploit opportunities and/or neutralize threats in the competitive environment. Rareness refers to the physical or perceived physical rareness of the resources in the factor markets. Inimitability is the continuation of imperfect factor markets via information asymmetry such that resources cannot be obtained or recreated by other firms without a cost disadvantage. Finally, the framework also considers whether the organizations are substitutable by competitors.

Prahalad & Hamel, 1990 viewed that competing for the future means maintaining continuity by ensuring that the company is continuously focusing on resources. The link between effective scanning and successful action is another fundamental presumption in strategic management literature.
External information is seen as the most important for entering into an industry. Scanning activity is characterised by attention to the task environment and the use of personal sources of information, (David Jennings, Alan Jones, 1999). There was a study in the past on environmental scanning system and performance covering industries of a country as a whole (Elenkov, 1997). But a major question remains answered whether an industry specific scanning may be organised to nurture profitability?

To answer this question we need to identify priorities of different external and internal factors. Once priorities are determined the importance of factor matching is to be studied. Till date no specific study has been undertake in this direction. Thus, in this study one can observe the possibilities of industry specific selection of important external and internal environmental factor. This further extends towards identifying most important external and internal factor matching process to finalise industry specific strategy formulation.

In the past, organizational performance was found to be associated with: executives' past performance record (Pfeffer & Davis-Blake, 1986; Smith, Carson, & Alexander, 1984), team size of top management, composition, and tenure (Haleblian & Finkelstein, 1993; Smith, Carson, Alexander, 1994). Apart from the direct effects of strategic leaders on organizational performance, top
management characteristics of any particular industry were related to firm strategies and structures (Helmich & Brown, 1972; Miller & Droge, 1986; Dess, Ireland and Hitt, 1990). These indirect effects implied that the relationship between strategic leaders and organizational performance might depend on some contingency factors.

There is some degree of controversy concerning the possibility for top-level leaders to have a substantive effect on the overall performance of the organizations they lead (Bass, 1990, Cannella & Monroe, 1997, and Hunt, 1991).

Against these, proponents of external control assert that CEO leadership is inconsequential to organizational performance (Hannan & Freeman, 1984; Meindl, Ehrlich, & Dukerich, 1985; Pfeffer, 1977).

Managerial discretion, which links the individual characteristics of strategic leaders with organizational and environmental factors, is believed to be a fruitful area for future strategic leadership research (Finkelstein & Hambrick, 1996). As suggested by S.F. Lee; Andrew Sai On Ko, 2000 it will clearly indicate success factors that can be implemented into the identification of the different aspects towards the balanced scorecard. Much of their reasoning is based on the notion that leadership is a perceptual phenomenon that allows observers to develop
simple causal explanations for complex organizational events and performance. Earlier Hambrick and Mason, 1984 studied whether career path and tenure have significant impact on strategic decision-making. Results indicated that strategic decision-making might be affected significantly by these two individual characteristics.

Later, Elenkov, 1997 considered this possibility in his major country specific study on environmental scanning by considering respondents' tenure of service and career paths. A correlation analysis of tenure with environmental complexity perception scores revealed no statistically significant relationship between these two variables. An ANOVA test also showed no significant differences in environmental complexity perception and the identified career paths.

As advocated by MacKinnon, 1975, a risk taker normally generates a process that is extended in time and characterised by originality, adaptiveness and realisation. According Gorkin, 2000, major behavioural characteristics of risk takers may be summarised in the following manner.

- Are not overly preoccupied with making mistakes or with social disapproval.
- Have a strong enough ego to admit their mistake.
- Analyse, emotionally stable and learn from trial and error,
There may be the possibility that risk-taking attitude of decision makers may
guide their decision-making activities. But, there are no specific studies in this
direction.

1.3: Proposed work and its future scope:

In the unstable up-coming environment affecting most competitive
organizations, 'domain offensive' actions in the form of new products and
services might also be expected to endanger competitive gain. It may be true that
all groups have certain industry specific bottom line. This cannot be found in
separation and firms should bring together the whole.

Environment is the first responding parameter where a firm can observe the
change. Accomplishment of strategic planning completely depends on proper
analysis of environment. One can see present system as one of the opportunities
and challenges for the firms. It will be an age of vulnerable consumer
allegiances and borders among industries.

There was a study in the past on environmental scanning system and
performance covering industries of a country as a whole (Elenkov, 1997). Major
question is whether a firm or industry specific scanning may be structured to
look after profitability? To answer this question one should identify priorities of
different external and internal factors. Once priorities are determined the
importance of factor matching may be studied. In this context no previous study emphasised the need of internal factor matching in a more constructive way. Moreover every research study was based on existing firms in a pre-acquaintance environment. Major question is what should be the strategy for a new entrant in any particular product field to make it successful? Thus, main aim of this study is to ascertain the potentialities of industry specific important external and internal environmental factor selection. This aim has been further extended towards identifying most important external and internal factor matching process to finalise industry specific strategy formulation.

In this study, we have also proposed to make an independent attempt of identifying the influence of the functional background of decision makers on strategic planning. We have further tried to find out possible changes in external factor ranking with the change in priorities of activities of the organisation. Our main motto is to examine whether there is a tendency that a person analyses any specific problem considering his own area of operation. In case of an affirmative result, degree of importance of various factors may change on the basis of respondent's functional background. Besides that, at the time of problem identification a respondent may identify his area of operation as one of top priority. This may create a major biasness or blockage of mind in decision-making process.
In all the past studies there was no specific guideline for factor selection from the point of view of a new entrants in any particular product field. We like to throw light on this issue and provide major guidelines towards this direction.

We are of the view that an individual's thinking process and behaviour may get influenced by his propensity to take risk. On the basis of attitude towards risk an individual may be considered as risk oriented or risk aversive in his service life and/or personal life. It is believed that the rate at which a person achieves his/her success will be directly linked to his/her aptitude to take risk. This may be true in case of business decision making also.

The industry of interest for our current study is organised sector electrical fan. Our research work covers fan market in West Bengal. So there is a limitation arising in place of study. There may be a future scope to extend this study on all India basis. Further, this study may be extended to other related product fields to examine the viability of our findings for other industries also.

Thus, we can summaries that main scope of this study is in strategic planning, specially in strategic planning for fan industry, as it provides with the priorities of environmental factors and suggests the procedure for further matching. Competitive environment can then be studied in a well-prepared manner, not just look at the a few issues from one side but from different sides. Attempt is to
make this study like a view of a group of blind men looking at an elephant but to make it like a goad for those who want to ride on a mammoth.

1.4: Preview:

We have divided our research study under the following broad heads.

a) Analysis of dealers’ response.

b) Analysis of consumers’ response.

c) Analysis of the responses of decision makers of fan industry.

d) Analysis of the responses of decision makers of other industries.

e) Industry attractiveness of fan trade.

The objective of this section is to give a preview of the works done and conclusions drawn in the subsequent chapters.

This study is primarily based on a survey work on channel intermediaries, consumers and corporate decision makers of fan industry in West Bengal. We have extended our study to selected consumer durables and FMCGs industries to examine the views expressed by the decision makers.

Channel intermediaries play an important role in creating a competitive edge due to their ultimate link to end-users. A firm should create marked variations through its distribution channel to earn customer confidence. Channel member
respondents were picked randomly from all over West Bengal by using a sampling method, which was based on their yearly sales figures. A total of hundred dealers/retailers were covered in this study. An in-depth study on consumers' perspective about existing players in the fan trade was organised in the next phase. Respondents were interviewed on different key influencing areas of purchase decision-making. Objective was to portray a clear picture of present market scenario of fan trade to generate a foundation for external factors matching with internal parameters. For consumer survey three hundred respondents were selected from the set of purchase decision makers by using simple random sampling method after dividing West Bengal consumer goods market under nine broad categories namely Kolkata, South-Bengal, North-Bengal, Midnapore, 24-Parganas (N&S), Howrah, Hooghly, Nadia, Murshidabad.

Further, we have extended our study to identify the roles of decision makers on the basis of their propensity to take risk. We have conducted sample survey on decision makers of fan trade, durables and FMCG industries. Survey results have been subdivided into two homogeneous segments based on risk taking propensity. In order to find out some order or pattern from these data and to analyse it in a scientific manner, we have carried out statistical tests.
1.4.1: Analysis of dealers' response:

Aaker (1996) propagates that top of the mind recall (TOMR) is ever demanding dream of a marketer for its brand. A brand with a higher level of enquiry normally enjoys higher market share also. In West Bengal fan trade Polar is enjoying higher enquiry followed by Crompton, Khaitan and Orient.

In ceiling fan segment Polar has retained it number one position with a 20% usage share followed by Crompton. But in Portable fan segment Orient is market leader with 20% usage share followed by Crompton. Whereas in Exhaust range Crompton is number one followed by Khaitan. So we can observe a different usage pattern for different types of fans. Brand wise marketers are enjoying differentiated brand acceptance of their products. At the time of strategy formulation marketer should consider product specific strategy to win over consumer mind.

Most interesting observation is that enquiries for other non-branded products are less but final purchase rate is on higher side for them. So after enquiry customers are shifting their final choice from their initial interest. As per dealers are concerned, there are certain reasons behind this change of purchase behaviour after enquiry. According to them, most of the customers consider price as the main factor. So, from their responses we have observed that for first time purchase customer normally consider price as the most important factor to
be considered. Though they are quality conscious and like to purchase a better-coloured and designed product yet it is revealed that for the first time purchase these have little impact.

Channel intermediaries are marketers’ first set of customers and protection of their interest is most important strategic move for most marketers to maintain a higher level of distribution equity (Pellegrimi & Reddy, 1996). Though fan trade is facing stiff competition yet due to gradual shift of this product from luxurious item to necessary household item, market potentiality is also on the higher side.

At the time of doing this study dealers were asked to mention as per their understanding important factors that play a vital role behind customer purchase decision. Nearly 35% of respondents mentioned price as the most important factor followed by Guarantee & after sales services (20%), colour& design (13%), previous experience of usage (12%), recommended by dealers (8%), advertisement and sales promotion (6%), merchandising (4%) and product display (2%).

It has been observed that major branded players are enjoying their higher brand equity under different parameters. Polar, presently highest selling brand in West Bengal is enjoying very good position in colour& design segment and merchandising and sales promotion activities. Khaitan is enjoying competitive
edge from the point of view of advertisement. Crompton has acquired number one slot under after sales service and guarantee and is followed by Polar. But price wise Compton is on higher side.

1.4.2: Analysis of consumers' response:

It is not an easy task to map consumer mind and to match their value system about any particular brand. For this continuous observation and interaction with customers are almost essential. To know consumers' minds and to find out their future expectation market research is essential (Kapferer, 1992).

In our research study we have observed that for fan trade near about one fourth customer cannot recall name of available brands. Polar is occupying the first position in terms of brand recall followed by Crompton, Khaitan, and Usha. So it is important to know that fan market is not that much brand conscious likes other durables product markets.

For a clear understanding about various influencing external sources behind customer's selection of a particular brand near about 42% of respondents stressed on recommendation from friends and relatives as an important influencing factor. Previous usage experience has been ranked as second important one with a support of 28% of respondents. Nearly 20% respondents admitted advertisement and sales promotion as the motivating factors behind
their selection. So, we can conclude that fan is influenced by stress on marketing activities of firms.

Today’s purchase decision is a complicated decision making process as it goes by proper value judgments of alternatives. Consumers have much more access to information. It is obvious from marketers’ point of view that a consumer will not buy a product unless he/she is aware of benefits it offers to fulfil his/her need. We have observed from our study that according to customers, price is the most important factor at the time of purchase. Though Brand name is important but it has secured third place whereas product quality has got the second rank. We have also observed that colour and design are gaining importance and in future they may play prominent role for product differentiation and market segmentation. Customers believe that after sales service and guarantee factor are important factors as fan is completely a durable product and it has a direct impact on repeat purchase behaviour of consumers and in terms of word of mouth promotion.

From the survey result one can see a correlation between the locations of dealer with purchase of fans. Though many have an idea that it is immaterial, our study reveals that more than half of customers admitted that location of dealer influenced their purchase. Among them 25% stressed on closeness of location, 15% stressed on familiarity with dealers, 13% stressed on reputation of the shop.
So, we may claim that in this trade, channel intermediaries play a vital role to guide consumers purchase pattern.

Normally at the time of any purchase customer generally depend on recommendation of early users or own past usage experience. This is a common tendency to minimize the chances of decision-making error. In durables market post purchase experiences is judged mainly by product performance, after sales services, service during guarantee period and product durability. We have observed that in Fan trade 48% respondents think product performance is the prime factor of consideration for evaluation of any brand’s performance. After sales service is top most criteria among 20% of respondents. 27% believe product durability should be the most important one. Service during guarantee period draws highest attention of only 5% of the respondents. At the time of repeat purchase these factors play a vital role behind selection of brand.

It is revealed that at the time of repeat purchase consumers’ are not positive to purchase of non-branded items because of their earlier product usage experience. Again they want to boost their ego state by shifting towards a branded product. And in this area Crompton is enjoying higher brand equity in the mind of the consumers. 25% respondents want to go for Crompton at the time of repeat purchase. Polar is on second place and it is selected by 22% of respondents. Other following brands are Orient, Usha and Khaitan. One
interesting observation is that though at the first time purchase price is the most important determinants for repeat purchase customers normally run after a brand name.

Institutional marketing is one-to-one marketing in real sense. Customer satisfaction level directly reflects on sales figure of the marketer on a regular basis. Efficiency of sales force is prime factor to hit the target (Joseph; Peppers; Rogers, 1995). In Institutional Sales influencing factors for purchase decision are different from that of domestic market. In institutional sales colour, design, advertisement, merchandising, sales promotion, brand name are not prime factors of consideration. Here main deciding factors behind purchase are durability, safety, after sales service, price, fan speed, sweep etc. In West Bengal fan market we have observed that highest market share in institutional sales is for Crompton followed by Orient, Polar and Usha. Due to all India basis strong hold in fan market Orient and Crompton have a good hold in West Bengal fan market also. Ortem fan, which has a negligible market share in domestic market of West Bengal, is doing well in institutional segment on an all India basis.

In today’s competitive scenario most business in India are worried about uncertain future. An increasing number of marketers are finding that growth in complex and uncertainty of the environment is difficult to cope with. But there is no other alternative but to face this situation. Marketers are facing new
equation in their operating environment in every sphere of operation. Complex competition status, vulnerable demand forecasting, changing consumer preferences, existence of countless brands, changing attitude of channel intermediaries, fear of market saturation are making marketing decisions much more risky. Fan as a product is getting the status of essential commodity. So, fight for consumer’s share of mind is on high end. Marketers are adopting different short-term measures to gain foothold in market place but result is not always encouraging.

1.4.3: Analysis of the responses of decision makers of fan industry:
This study appreciates the need for appropriate environmental analysis and has identified main factors of external and internal environments of fan industry for necessary factor matching for SWOT analysis. Major queries were; what should be company’s way of nurturing competitiveness in a profitable way? What are the key influencing factors that play a major role for strategy formulation? Does the strategic posture adopted by marketers is firm specific? Are there any general guidelines that can be followed by related industries? What should be the behaviour of a new entrant in any product field to make its entry error free?

We have noted that there is a difference between the priorities of internal and external factors when classification is made based on propensity to risk. Nearly 67.44% of ROMs and 52.94% RAMs consider market/competitive factor as the
most important external factor. Economic factor is the second most important factor for ROMs and social/geographical factor is the second most important one for RAMs. Around 51.16% of ROMs and 64.70% of RAMs consider marketing as the most important internal factor. So, we may infer that factor importance given by a respondent varies with the degree of his/her inclination towards risk of respondents.

We have observed that a change in emphasis on any particular area of activities changes the rank of external factor. 30% respondents favour market/competitive factor as the most important external factor if business emphasis is on marketing activities. In the combined set up nearly 40% decision makers favour supplier/technological factor when emphasis is given on production activities. Similarly, 50% decision makers favour economic/government/legal factor when emphasis is given on financial activities.

So far as factor matching is concerned, 37.20% of risk-oriented managers favour marketing as the most important internal factor to be matched with the market/competitive as the most important external factor; 41.17% of risk-aversive managers favour marketing as the most important internal factor to be matched with the market/competitive as the most important external factor. For second most important factor combination 13.95% ROMs favour market/competitive and finance as the most important external-internal factor.
combination. A good proportion i.e. almost 23.52% of the risk averse managers think marketing, as an internal factor, should be matched with geographic factor, as an external factor.

For new entrants, 32.55% ROMs favour market / competitive and marketing as the most important external and internal factors for matching. Respondents are far more cautious about factor selection in case of a new entrant in fan industry. Their views are different from those expressed for existing business. For a new player, prior planning and evaluation is essential to maintain a profitable survival in this highly competitive market.

At the time of factor matching of two most important external and two most important internal factors combination one can see that among ROMs, 20.93% of respondents favour marketing-- finance combination as the most important internal two factor combination to be matched with the economic (including govt. & legal)- market/competitive as the most important external two factor combination. Again, among RAMs, 23.53% of respondents favour marketing— corporate resource combination as the most important internal two factor combination to be matched with the market/competitive— geographical/social, the most important external two factor combination.
1.4.4: Analysis of the responses of decision makers of other industries:

Since the globe is becoming a small village from the point of view of accessibility, industries cannot operate in isolation. There may be possibilities that conclusions drawn for fan industry may be appropriate to other industries. We have examined this issue based on views expressed by the decision makers of some consumer durable industries. Survey work has been conducted for the field of television and refrigerators. We have also extended our study to fast moving consumer goods industries and have covered hair care and health care industries. For each study, we classified our findings according to two different categories namely Risk Oriented Managers (ROMs) and Risk Aversive Managers (RAMs).

All respondents from selected industries, irrespective of their propensity to take risk, consider market/competitive and marketing factors as most important deciding factors at the time of factor selection. As factor matching carries importance to ROMs mainly, we can see that at the time of factor matching also they select combination of market/competitive and marketing. For second important factor combination selection, in case of fan trade, risk oriented respondents are giving thrust on market/competitive and finance for existing business. In durables industries, ROMs stress on economic and corporate resources factors and simultaneously for FMCGs industries it is economic and finance combination for ROMs.
From this study it is observed that on the basis of type of business operation, factor selection and matching is unique. It should be tailor made for different industries also. Obviously there are some common factors like market/competitive and marketing, which are effective for all type of industries and business operation. But from this study we can see that ready-made pre selected factor identification for matching is not helpful for error free strategy formulation. So an industry specific and nature of business operation specific tailored made factor selection is beneficial for unforeseen future. On the basis of this a future player can identify industry attractiveness or probable shape of competition.

1.4.5: Industry attractiveness of fan trade:

Strategic movement is no longer a task of intuition. It is purely a planned task for today's business combatants. Environment is both complex and turbulent. For the present competitive regime, expected result of interplay among the players of any product field depends on the degree of attractiveness of that particular product field. So, dynamic thought on degree of attractiveness at the time of strategy formulation is a must. Degree of attractiveness varies from industry to industry, so, industry specific study may be helpful. We have examined attractiveness of fan industry from two different angles. One is for risk-oriented managers and another one is for riskaversive managers. Based on the year wise production shares, profitability and growth rate of branded players
of fan trade we have measured the industry attractiveness and predicted the future strategy our measure takes +1 when attractiveness is of highest degree and the value -1 when attractiveness is of lowest degree.

It is revealed that in the year 1999 industry attractiveness in fan trade was below average for ROMs and marginally above average for RAMs. In the year 2000 industry attractiveness in fan trade had shown decreasing trend for both for ROMs and RAMs. In the year 2001 it is below average for ROMs and marginally above average for RAMs. In the year 2002 industry attractiveness in fan trade has been negative for ROMs and low for RAMs.

But, a close look on growth index and profitability index reveals that from year 2002 there is an increase in growth index and profitability index. So no any final conclusions can be drawn about the trade by observing present years market attractiveness. Actually, Indian population is growing in size and houses under electrification are under a growing phase. So, market growth rate may bounce back. It depends on firm’s own capabilities of factor matching to turn this opportunity in its favour. We can see from the projection study that fan industry will be more attractive in near future for existing and new players. New entry is quiet likely in future.