
MARKETING STRATEGIES AND PRACTICES WITH REFERENCE TO SALT INDUSTRIES IN TAMIL NADU INDIA

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ABSTRACT

The study surveyed 100 employees from salt industry of Tamil Nadu to identify the marketing strategy adopted in the state. It was found that the same marketing strategies which were adopted for India as a whole were adopted in the state as well. However, the strategies of competitive pricing of iodised salt was found to be working well with companies like Tata salt and Annapurna bagging the maximum market shares.

1. INTRODUCTION TO SALT INDUSTRY IN INDIA

With more than 13,000 salt producers and a highly complex delivery network, India is the world's third largest salt producing countries, after China and USA (GAIN 2012; Varmudy 2014). Out of the total salt production of 282 million tonnes in 2012, the contribution of India was about 8.7% with a production of 24.55 million tonnes. In addition to catering to the national needs, this industry exports salt to more than 80 countries including Japan, China, Bangladesh, Qatar, Vietnam, Indonesia, Korea, Malaysia, Nepal and Thailand (Varmudy 2014).

In India, major salt production takes place in the coastal regions of Gujarat, Tamil Nadu, Maharashtra Goa, Karnataka, Andhra Pradesh, Odisha and West Bengal where seawater is used for the purpose, which is an inexhaustible source of salt. In Rajasthan, salt is produced using lake water (Varmudy 2014). The three states of Gujarat, Tamil Nadu and Rajasthan produce about 70%, 15% and 12%, respectively of the total salt produced in the country. These states are not only self-sufficient but produce surplus as well which caters to the requirement of salt deficit and non-salt producing states. The salt industry of India is majorly dominated by the private sector, which contributes over 95% of the salt production. The contribution of the public sector is only about 2-3%. Further, the total area under salt production is about 5 lakhs acres and the salt manufacturing industry employs about 1 lakh people every day directly (EconomyWatch 2010).

2. AIM AND OBJECTIVES

The aim of the study is to analyze the salt industry of India with respect to the marketing strategies adopted and the objectives are:

1. To explore and discuss the marketing strategies and practices adopted within Indian salt industry
2. To understand the salt industry with respect to the various players dominant in the market

3. REVIEW OF LITERATURE

3.1 Marketing Strategies and Practices within Salt Industry

3.1.1 Price

In terms of price, the raw salt price was Rs 100 to Rs 150 higher in the year 2011 than Rs 600-800 a tonne in 2010. The retail price of refined iodized salt was Rs 1,200 to Rs 1,800 a tonne in 2011, varying according to the brand and packaging, while it was Rs 1,000 to Rs 1,200 a tonne in 2010. Further, the export contracts were signed at Rs 1700 to Rs 2000 per tonne. Since the supply and demand of salt are fairly stable, the prices of salt are usually stable. However, two things are likely to cause fluctuations in the same. Firstly, changes in export strategies can act as a game changer. Secondly, salt prices may be increased as a result of pre-winter rain showers since such lashes delay salt production and thus may increase prices. However, such price rise affects majorly caustic soda/soda ash manufacturers who demand huge quantities of salt (Sally 2011).

3.1.2 Promotion

Major players in the industry launched salt as a *pure* salt initially, in which aspect; Tata salt emerged as the leader. Later in 1997, with increasing attention being focused on iodine deficiency and iodization of salt, salt companies promoted their product as iodized salt which promised to benefit people in terms of health. Further, salt has also been marketed as the whitest, cleanest and most evenly sized salt in the market. Many players marketed their product as the iodized salt with a stable iodine technology which helped in limiting the iodine lost in storage, transportation and cooking methods. Yet another way of promoting salt has been introduction of low-sodium salt for people with high blood pressures. Further, marketers have also promoted salt as a motivator for young mothers by promising dreams of bright and healthy children (Rajendra & Shah 2003).

3.1.3 Place

Salt is demanded domestically for both home usage as well as industrial purposes. While about 5-5.9 million tonnes of salt is demanded and supplied for human consumption, about 10.7 million tonnes is used for industrial purposes. Further, about 60% of the salt for human consumption is transported by rail and the remaining 40% is transported by road. On the other hand, in case of salt supplied for industrial purposes, 88% of the salt is transported by road to different locations of the industries, 10% by rail and 2% by coastal shipment (SaltComIndia n.d.).

With respect to the demand and supply of iodised salt to the states, the total quantity of salt demanded was about 5.2 million tonnes in 2008-09. However, the supply was only 4.92 million tonnes. The major salt consuming states were UP, West Bengal, Bihar and Tamil Nadu. In addition, India exports salt of an average of 25 lakh tonnes annually to various countries like Japan, Vietnam, UAE, Qatar, Korea, Malaysia, Bangladesh, Indonesia and Kenya, with Japan being the largest importer (Varmudy 2010).

3.3.3 Product

With increasing awareness about iodised salt leading to health benefits to the consumer, Indian salt industry is challenged with meeting the demand of iodized salt to the country. Indian salt market consumes many other varieties of edible salt including Iron Fortified Salt, Double Fortified Salt and Low sodium salt. In Tamil Nadu, a new variant of salt, "Health Salt" which contains micronutrients iodine, iron and folic acid, has also been introduced (Rajendra & Shah 2003).

3.2.1 Key Players (competitors) in the Market

The industry has a few national players and numerous local players. The major players include Tata Salt, Annapurna (HLL), Nirma's Shudh salt and Aashirvaad (ITC). Among these, the leading player is Tata Salt with about 64% market share in the branded salt market. Other players are Conagra foods, Dabur's Nutrasalt (low sodium premium), Marico's Saffola salt (low sodium premium), Cargil, Pillsbury and Dandi salt (Rajendra & Shah 2003).

4. RESEARCH METHODOLOGY

The primary data has been collected using a structured questionnaire with Likert-scaled questions. A quantitative survey among 100 employees from the salt industry in Tamil Nadu has been conducted to obtain the data which has then been analysed using Microsoft Excel and SPSS 19.0.

5. FINDINGS

The primary research revealed that the response group comprised of about 75% male respondents in the age group of 30 to 45 years. In terms of pricing, about 58% of the respondents said that the pricing strategies adopted in Tamil Nadu included competitive pricing. These respondents were mainly from companies like Annapurna and Tata salt. About On the other hand, about 40% respondents from brands like Dabur and Marico said that their companies tried to differentiate their products by positioning themselves as healthy salts and priced them at a premium. Further, about 94% of the respondents said that Tamil Nadu was almost self-sufficient and could successfully meet its own demand of salt. However, it is not able to produce any surplus and fails to cater to the demands of other states.

Further, all the respondents indicated that different brands used different promotion strategies to promote their products. While about 55% of the respondents said that they positioned themselves as whitest and purest salts, the remaining 45% said that they focused on the 'health' aspect by introducing products with low sodium and iodised salts. However, almost all the respondents (96%) said that the launch of iodised salt was picked by their company. This may be due to the increasing efforts of the government to spread awareness about health benefits of the same.

6. CONCLUSION

The study found variations in the marketing strategies adopted by salt manufacturing companies in Tamil Nadu. While some companies used competitive pricing, others used premium pricing. Some companies promoted themselves as clean and pure salt, the others promoted on the basis of health benefits offered. Also, different companies launched different types of salts like low sodium, Iron Fortified Salt, Double Fortified Salt etc. However, the strategy of competitive pricing was found to be more successful with iodised salt as the product since companies opting for these were found to be most popular and occupied largest market shares.

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