

Marketing Strategy Formulation for the Introduction of Eukula Strato German Wood Finishes in Local Market of Emerging Indian Economy

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Abstract: Wood finishing relates to the process of embellishing or protecting the surface of the wood. The paper aimed at formulating a marketing strategy for introducing water borne German based Wood Finishes named Eukula Strato into local market of northern Kerala, India. Multiple cross sectional descriptive research with judgmental sampling technique elicited responses from Finishers, Furniture manufacturers and Interior designers. Findings revealed that Eukula Strato had a distinct advantage when compared to any other Wood Finish that was available in the local market. Findings and suggestions were reported as per 4P's of marketing mix. Percentage analysis, Chi square analysis etc were used to interpret the results.

Keywords: Eukula Strato, Finishing, Marketing strategy, Wood

JEL Classification: M30, M31, M39

1. Introduction

Wood finishing relates to the process of embellishing or protecting the surface of the wood. The process starts with surface preparation. This can take up the form of sanding by hand or by power. Once the wood surface is prepared and stained, a number of layers of coats are normally applied. It starts by applying a wood sealer over the wooden surface. The process finally ends by giving a final coat known as topcoat, which is also known as the Wood finish. Wood finish is essential for protecting wooden surfaces and also enhances the beauty of the wood by highlighting the grain. (Classic Wood Finishing Ltd.).

Eukula GmbH is a reputed German manufacturer of specialty wood coatings. The Company has been developing and selling world-class industrial coatings since 1963. The Eukula Strato water based coating system uses fully developed high molecular weight polyurethane (PU) polymers in its dispersed form in water. Once water evaporates, these coating leaves a uniform layer of merged molecular chains of PU which possess superior resistance of PU to abrasion, scuffing, and chemicals (Western India Plywoods Ltd.).

The Western India Plywoods Ltd (WIP), Baliapatam, Kannur District, Kerala, India was established in 1945. The Company started their initial operation by manufacturing sawn timbers and plywoods on a modest scale. Over the years, the Company made steady progress

and the business expanded to its present stature and today WIP is one of the biggest wood based industrial integrated complexes in India (Western India Plywoods).

Eukula GmbH, has joined hands with the Western India Plywoods Ltd., to bring the best in wood protection. WIP is now the only company in the state of Kerala, India to introduce and distribute Eukula Strato. This research article aimed at formulating a marketing strategy for Western India Plywoods Ltd (WIP), so as to introduce the water borne finish, Eukula Strato in northern Kerala, India.

2. Literature review

According to Williams (1999), wood finishes imparts wood an elegant appearance, protect the wooden surfaces and also provide a cleanable surface. He also opined that most people consider appearance as the most important element when choosing finishes for wood. He further suggested that performance of wood largely depends on choosing an apt finish for wood, considering the usage conditions, and applying the finishes properly in sufficient quantity. Further he explained that for long life of wood, one must choose a harmonic mix of wood products and finishes appropriate for environments where they are mainly used. He noticed that a climate having severe seasonal changes placed greater importance on finishes than a mild climate. As per Hoadley (2000), wood finishes enhanced the appearance of the wood. He further explained that appearance was more controversial as it largely depended on individual taste and preference. He added that wood finishes protect wood against abrasion or serration and prevent changes in color due to light or atmospheric pollutants. However he added that the most important function of wood finishes is to hamper the exchange of moisture with the atmosphere, avoiding the consequences of dimensional change. He also argued that it is impossible to generalize as far as surface appearance was considered. This was because of the variation in circumstance and personal preference as to what looked the best. Some wood finishers or end users prefer to preserve wood in its natural state as much as possible, while others wished to change the wood in both color and appearance. Some desire to retain any visible surface irregularity due to cell structure, while others crave for surface that is perfectly smooth. Some wish a matte finish, others a high gloss. Some try to hang on to variation in figure and color, others attempt to achieve uniformity. As per Hawks (1995), the choice of finishing material depended on the type of wood, the use of the furniture; the time available to do the finishing job and personal taste. Jewit (2004) opined that finishing products can be grouped into several categories such as waxes, oils, varnishes, shellacs, lacquers and water-based finishes. He also added that no single wood finish can excel well in all of these categories. He opined that a finish that excels in one may fail in another.

3. Research methodology

The objective of this paper was to formulate a marketing strategy for the Western India Plywoods for the introduction of Eukula Strato in the local market. The task was to provide a comprehensive marketing strategy to launch the new water-based PU wood finish, Eukula Strato in northern Kerala, India. This strategy covered:

- Analyzing target audience
- Analyzing market potential for Eukula Strato
- Consumer understanding
- Strategies for 4Ps of marketing mix.

Scope of the study

WIP had not yet thought about any marketing strategy for the introduction of Eukula

Strato. So far no attempt had been made to check the brand awareness of Eukula Strato. So they wished to know the awareness and acceptance of waterborne finishes and also for Eukula Strato. So a survey had been carried out in northern Kerala. Finishers, Furniture manufacturers and Interior designers were the chosen respondents. An analysis had been carried out as per 4Ps of marketing mix for the finishes used by the respondents. This report may enable the Company to formulate a marketing strategy for Eukula Strato.

Limitations of the study

- Population size of the target audience was very small.
- Unwillingness of the respondents to reveal financial data.

Research design

The major objective of this design was the description of market characteristics and functions. The research design adopted in this study was multiple cross-sectional descriptive research. It was because; there were three samples of the respondents viz. Finishers, Furniture manufacturers and Interior designers. The data obtained through this design were subjected to quantitative analysis. The findings from this research helped to formulate the marketing strategy for Eukula Strato.

Data collection

The primary data was obtained by survey method through a specifically designed questionnaire. Secondary data was collected from published and unpublished sources. These mainly included websites, annual reports, articles and so on.

Data collection method and instrument

The survey method of data collection was used in the research and a specifically designed questionnaire was used as the data collection instrument. This method of obtaining information was based on questioning the respondents. A formal structured questionnaire was prepared and the questions were asked in a prearranged order which projected the 4Ps of marketing mix. Respondents were asked a variety of questions regarding their behaviour, intentions, attitudes, awareness, motivations and so on.

Questionnaire design, development and pre-testing

At first an initial questionnaire was prepared. This questionnaire had been redesigned after pilot study. The scaling techniques used in the questionnaire were dichotomous and Likert scale. Pre-testing of the questionnaire was done on a small sample of respondents in the Kannur district, Kerala, India, to identify and eliminate potential problems. Pre-testing or pilot survey is a small-scale replica of the main survey and it was highly useful on the following grounds.

- The drawbacks of the questionnaire like difficulty in understanding certain questions by the respondents, existence of some meaningless questions etc could be found out.
- An idea was formed about the extent of non-responses.
- The probable cost and duration of the main survey was evaluated.

Data sampling

Sampling is one of the key components of a research design. Judgmental sampling technique was used for the survey. Judgment was exercised to choose the exact target audience to be included in the sample. The sampling units (occupational groups) were Finishers, Furniture manufacturers and Interior designers. The sampling area considered for the study was three districts in Kerala state, India. They were Kannur, Kozhikode and

Malapuram. A total of 60 respondents were interviewed during the course of the study from the above-mentioned three regions. SPSS 12 for Windows was used as the software tool for analysis. Results were interpreted at 95% confidence interval

Tools for Analysis

- a) Percentage analysis
- b) Chi-square test.

Hypotheses of the study

H1: There were no significant differences between the type of wooden surfaces finished and the occupational group.

H2: There were no significant differences in Melamine usage under different occupational groups.

H3: There were no significant differences for the tendency to stick on to a brand under different occupational groups.

H4: Awareness of water borne fishes does not appeal equally to all occupational groups.

4. Results and discussion

Chi square analysis were carried out to test the above mentioned four hypotheses and yielded the following results as shown in Table 1

Table No. 1

Sr.No	Hypotheses	Valid cases	Value	Significance	Result
1.	H1	60	2.821	.244	Accept
2.	H2	60	.918	.632	Accept
3.	H3	60	1.438	.487	Accept
4.	H4	60	.116	.944	Accept

** $p < .05$, level (2-tailed)

Source: Survey data

The findings of the study laid down as per 4P's of marketing mix are as shown below.

Product

- There was no usage of water borne finishes from the sample drawn in the surveyed districts, viz. Kannur, Kozhikode, and Malapuram of Kerala state, India
- Only 47 % of the sample population was aware of water borne finishes.
- Finishers developed keen interest in using water borne finishes because the solvent based wood finishes that they are now using were harmful to their health.
- Melamine was the chemical which was having a major market share of the finishes used. Respondents mainly preferred Melamine matt. The respondents described Melamine as hazardous to health. Melamine was also reported to have unpleasant smell.
- Respondents were not that much satisfied with their finish's resistance to heat, humidity, chemical reactions, corrosive climate and so on.
- Respondents were aware of superior performance by polyurethane (PU) finishes. But PU finishes were less used because of its premium price level.
- Traditional chemicals like French polish, Lacquer were also used by the respondents.
- It was observed that lesser percentage of the sample population was doing wooden floorings.
- 57 % of the sample drawn was carrying a systematic procedure of wood finishing, i.e.

filling the wood, sealing the wood and finally giving a topcoat.

- The modal class of area finished in a month was 1000-2000 square feet. The modal class of area (square feet) covered by per litre of the respondents existing finishes were 36-40 square feet.
- Coverage of Eukula Strato was calculated as nearly 4 times to that of existing finishes used by the respondents.
- 55% of the respondents used both spray and brush to finish the wooden surfaces. Roller was exclusively used for wooden floorings.
- Asian Paints Melamine (solvent based) wood finish was the market share leader in wood finishes with 27 % market share. Brands like Esdee and Sheenlac were the nearest competitors.
- Brand Esdee was observed to be little pronounced in Malapuram district.
- Respondents were in need of an eco friendly and quick drying finish.
- 39 % of the respondents associated 'good finishing' as the key attribute of their finish and this was the parameter that they liked the most about their finish.
- Health hazards, which contributed to 37 %, were the major disadvantage of their finish and this was the parameter that they like least about their finish.
- Sheenlac brand was reported to be turning yellowish during dry climate. Sheenlac was reported for better use during rainy season when compared to Asian wood finishes due to its quick drying period. But Sheenlac wood finish was reported to be evaporating while the finish bottle was opened for so long when compared to Asian wood finish.
- Respondents were highly conscious about the quality of the product.
- Respondents were more aware of water borne finishes like ICA, Sirca.
- Respondents were also aware of the advantages of water borne finishes such as environment friendly, ease of application, more coverage and so on.
- Respondents raised doubts regarding Eukula Strato's application procedure, method of application, price expected and life span. Doubts were also raised whether Eukula Strato would bubble up during finishing since it was water borne.
- Respondents were eager to know about the complete information about Eukula's products that supplemented the topcoat Eukula Strato.
- Respondents also raised doubts whether Eukula Strato could be applied to rubber wood. Leading furniture manufacturers like RUBCO and Andaman Timbers who were using Rub wood raised this question.
- Respondents were expecting samples from the Company.

Price

- 70% of the respondents rated 'pricing' as important as the 'quality of the product'. However they were not ready to give high price for a product even if the quality was good.
- 53% of the respondents wished to get a high quality medium price product.
- 37% preferred medium price medium quality product.
- Respondents were least interested in getting a low price low quality product.
- Price was subjected to discount when the respondents went for bulk orders.
- An ideal price of a wood finish in the minds of the respondents was between in the range 110-220 (Indian Rupees)
- PU finishes were available only at higher price in the market. Since Eukula Strato was also PU based finish, and moreover Eukula Strato was water based, respondents believed that Eukula Strato would be heavily priced.

Promotion

- It had been observed that the respondents were the sole decision makers for the

purchase of the finish. Customers (end users of wooden surfaces) had only lesser percent share in making decisions to purchase a finish. Customers were mostly conscious about the colour of the finish.

- Respondents came to know more about the finishes through trade exhibitions and personal use and experience.
- 65% of the sample population drawn was not getting any incentives. 86% of the sample population, who got incentives, would be still interested in buying the finish even if the incentives were withdrawn.
- 72% of the respondents said that they would switch on to another brand, if it satisfied the quality and pricing in their mind
- The major source of purchase of the finish was through wholesalers and retailers.
- 78% of the respondents said that their finishes were regularly available.

Place

- Main suggestions given for improving the distribution channels were opening more outlets in city/towns, bazaars and built up towns in villages, speedy delivery, and delivery at doorsteps and so on.
- It was observed that Eukula Strato had a distinct advantage when compared to any other wood finish that is now available in the market.

5. Suggestions for marketing strategy formulation for Eukula Strato

Product

- The Company should clearly position the firm and the product to highlight their differential advantage of their product Eukula Strato. This can be done through aggressive product promotion. The Company should specifically highlight the unique features of Eukula Strato, i.e. 4 times the coverage than any other wood finish, highly eco- friendly, strong abrasion resistant, highly odor less, limited drying period, ease of application even by an unskilled worker, resistance to almost all tortuous conditions for any wood such as the humidity, heat, chemicals, corrosive coastal climate and salt laden sea breeze and so on through proper advertising channels to reach the target segment.
- The Company should specifically educate its potential respondents and demonstrate the unique feature of Eukula Strato, i.e. coverage, through demonstrations / exhibitions.
- The Company should conduct research among the respondents and non-respondents to determine the perception of the firm and of its various competitors before introducing the product in the market.
- The Company should have a clear cut strategic vision for the marketing efforts and the values that hold sacred in carrying out this vision.
- The Company should have a vision to anticipate the reaction of their competitors to the Company's marketing strategic decisions.
- The Company should also have clear flexibility in responding to competitive actions and changes in the market.
- The Company can position the product as quality leader (best reliable product and services), service leader (the most responsive when customers have problems), value leader (the best price performance) and so on.
- The Company should have a clear vision on the position that is cluttered with many competitors.

Price

- Serious thoughts should be done in fixing the price of the product in comparison with the price of its nearest competitors because the market is not ready to accept a high price product even though the product may be of superb performance and quality.
- The Company can invoke penetration strategy at the market development stage of the product life cycle.

Promotion

- The Company should target the right segment to sell their product. The target segment is finishers, furniture manufacturers and interior designers and it is not the end users of wooden surfaces. The end users are customers.
- The Company can involve in personal selling at the beginning and educate the respondents about the benefits of the product, give samples of the product, answer to their questions and reduce their perceived risk.
- Advertising can be enhanced at the point of purchase of the finishes, which are mainly at wholesalers and retail shops. Media advertising should also be enhanced before the introduction of the product.

Place

- Company can start up the distribution of the product by setting up its own distribution outlets at different locations.
- Immediate thoughts must also be raised for the market entry decisions because water borne finishes are already available in India and soon or at a later date, it can invade the local market and there can be a tight competition among all water borne finishes.

Thus the marketing managers have to think intelligently and strategically to formulate the 4Ps of marketing mix to introduce Eukula Strato.

6. Conclusion

Effective marketing strategy should provide various degrees of focus and flexibility. Depending upon the level of change in the market place, there should be clear focus on what segment to serve, what will be the primary source of the differential advantage and why to do things in a particular way. There should also be clear flexibility on decisions about how to respond to competitors, when to enter the market and with what technologies to meet the customer segments and so on. WIP may focus on perennial renaissance as an essence of effective marketing strategy.

Perennial resistance has high focus and high flexibility. Perennial suggests consistent, enduring and constant change; renaissance implies creativity and rebirth of the ideals of an earlier age. Thus, by carrying out more thoughtful analysis of market, differentiation, positioning, market entry, competitive response and fusing of strategic vision and values, the Western India Plywoods Ltd can introduce 'Eukula Strato' and inimitably make its mark in wood protection.

7. References

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