

Marketing Strategies of Tableware Ceramics Industry of Bangladesh: Some Empirical Evidence from International Players

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Abstract

Many companies are producing tableware ceramic products in Bangladesh but mainly four companies are involved in international marketing; i.e., Shinepukur Ceramics Ltd., Monno Ceramics Ltd., Artisan Ceramics Ltd., FARR Ceramics Ltd. etc. This study attempted to find out the marketing strategies set by those companies under tableware ceramics industry of Bangladesh to enter in the overseas markets. The study found that companies set different segmentation and targeting strategies to compete in the overseas markets. Study also found some general and specific positioning strategies; i.e., product strategies, pricing strategies, distribution strategies, promotion strategies etc. set by companies to take room in the mind of the overseas customers.

Key Words: Tableware Ceramics Industry, International Players, Marketing Strategy.

1.0 Introduction

Marketing deals with identifying and meeting human and social needs. One of the shortest definitions of marketing is “meeting needs profitably”. According to American Marketing Association “Marketing is an organizational function and a set of processes for creating, communicating, and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders” (Kotler and Keller, 2005). Marketing is the anticipation, management, and satisfaction of demand through an exchange process (Evans and Berman, 1994). **Marketing**, more than any other business function, deals with customers. It is managing profitable customer relationships. Marketing is the process by which companies create value for customers and build strong customer relationships in order to capture value from customers in return. (Kotler and Armstrong, 2005). Marketing is an ongoing process of planning and executing the marketing mix for products, services or ideas to create exchange between individuals and organizations. Strategy embodies a firm’s objectives and reasons for being in business. It includes corporate policies, resource allocations, customer markets, and the competitive environment in which it chooses to operate (Anderson and Vincze, 2006). A **Strategy** is a long term plan of action designed to achieve a particular goal, most often "winning." Strategy is differentiated from tactics or immediate actions with resources at hand by its nature of being extensively premeditated, and often practically rehearsed. Strategies are used to make the problem easier to understand and solve ([Strategy.html](#)). **Marketing Strategy** is the

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marketing logic by which the business unit hopes to achieve its marketing objectives. (Kotler and Armstrong, 2005). Marketing strategy means guiding the long-run use of the firm's resources based on its existing and projected capabilities and on projected changes in the external environment (McDaniel et al., 1999). At its essence, strategy (the "how") is a way to accomplish an objective (the "what"). In terms of a marketing strategy, if the objective of marketing is to select, serve and satisfy customers in a profitable manner, then a marketing strategy is the way a company accomplishes those objectives, which may include segmentation studies, competitive analysis, and the tactical 4 Ps (Perla and Michael, 2003).

The art of ceramic is perhaps as old as human civilization. Initially, it started with clay and then passed through stages of molding various media like wood, stone, shell and metal before reaching the age of ceramic and porcelain. Ceramics denote the manufacture of any product made from a non-metallic mineral hardened at high temperatures. Industrial ceramics comprise all industrially used solid materials that are neither metallic nor organic. Major ceramic products include glass, earthenware, porcelain, and white-ware, porcelain enamels, Bone China, Stoneware, brick tiles and terracotta, refractories, cement, lime and gypsum and certain abrasives ([C_0071.htm](#)).

The first ceramic factory in Bangladesh (the then East Pakistan) was established by Tajama Ceramic Industries in the year 1962. The production capacity was limited and so was the company's impact on the market. In 1968, some quality porcelain tableware manufactured by People's Ceramic Industries Ltd. started to come to the market but the journey was stalled by the liberation war. The post-liberation years saw a dull performance by the existing companies until the mid 80s when with the coming of some new quality companies the sector was rejuvenated. In the 90s, there were more entries and the sector attracted foreign investment. At the same time the process of product diversification began with the industry manufacturing different types of ceramic products such as Ceramic Sanitary Ware. ([bangladesh-ceramic-industry-outlook.html](#)). About 95% of raw materials for making quality and exportable ceramic products in Bangladesh are imported from abroad. The materials are imported mainly from Japan, Germany, New Zealand, South Korea and India. The prime raw materials of ceramic products are white clay and sand ([C_0071.htm](#)). At present, there are 15 ceramic producing plants (12 private, 1 state owned and 2 joint ventures) in the country producing over 40,000 tons of ceramic products per year. ([ceramic-sector-in-bangladesh.html](#)). Monno, Shinepukur, Bengal Fine, Standard, Peoples and National Ceramic are engaged in tableware while RAK, Dhaka Shanghai, Fu Wang, China-Bangla and Mir are engaged in tiles and sanitary ware. Ceramic products including stone tableware, porcelain tableware, bone china tableware, tiles and sanitary ware have a \$20 billion world market of which Bangladesh's share is only 0.17 percent (Rahim, 2005).

The broad objective of this study is to find out the marketing strategies set by companies under Tableware Ceramics Industry of Bangladesh to enter in the overseas markets.

More specifically, the study has following objectives:

- To find out the segmenting and targeting strategies of export oriented tableware ceramics companies of Bangladesh.
- To find out the product strategies of export oriented tableware ceramics companies of Bangladesh.
- To find out the pricing strategies of export oriented tableware ceramics companies of Bangladesh.
- To find out the distribution strategies of export oriented tableware ceramics companies of Bangladesh.
- To find out the promotion strategies of export oriented tableware ceramics companies of Bangladesh.

2.0 Related Constructs of This Study

It is necessary to clarify the related constructs of this study; i.e., marketing strategy, tableware ceramics industry and international players of the industry.

2.1 Ceramics Tableware Industry

Ceramics denote the manufacture of any product made from a non-metallic mineral hardened at high temperatures. Industrial ceramics comprise all industrially used solid materials that are neither metallic nor organic. Major ceramic products include glass, earthenware, porcelain, and white-ware, porcelain enamels, brick tiles and terracotta, refractories, cement, lime and gypsum and certain abrasives ([10999-ceramic.html](#)). WHICH COMPANIES ARE PRODUCING SUCH TYPES OF PRODUCTS IS JOINTLY CALLED CERAMIC INDUSTRY. The ceramic products which are used for fine art of dining & showcase are called ceramics tableware products. The tableware market can be put under three categories: dinnerware (plates, bowls, cups, saucers and mugs), glassware (beverage ware, stemware and barware of both glass and crystal) and flatware (eating utensils). In the tableware ceramic industry, companies are delivering almost same types of products. In domestic market different types of ceramic tableware products are marketed; i.e., Bone China, New Bone China, Ivory China, Porcelain, High Alumina Porcelain (Tableware Catalog, 2007). The companies which are producing such types of products are: Shinepukur Ceramics Ltd., Monno Ceramics Ltd., Artisan Ceramics Ltd., FARR Ceramics Ltd., Bengal Fine Ceramics Ltd., Peoples Ceramics, H & S Ceramics Ltd., Standard Ceramics, National Ceramics Ltd. (Financial Express, 2005). The study was done only on some leading companies which are producing ceramic tableware products to know the product's positioning of those companies. The leading companies are Shinepukur Ceramics, Monno Ceramics, Artisan Ceramics and Bengal Fine Ceramics (From discussion with employees of Shinepukur Ceramics).

2.2 International Players of the Industry

There are many companies involved in production and marketing of ceramics tableware products but very few, i.e., Shinepukur Ceramics, Monno Ceramics, Artisan Ceramics, and FARR Ceramics are crossing national boundary (From discussion with members of association of ceramics tableware products).

2.3 Marketing Strategy

Marketing strategy is to effectively allocate and co-ordinate marketing resources and activities to accomplish the firm's objectives within a specific product-market (Boyd et al., 1998).

3.0 Methodology

3.1 Research Design

The first stage of this research was exploratory research. The methods of exploratory research were survey of experts and pilot survey. To conduct the pilot survey a questionnaire was developed. For pilot survey the questionnaire was less structured with more open ended questions. After the exploratory research population and sample were defined clearly, and questionnaire was made more structured (used close ended questions) with very few open ended questions. The second stage of this research was descriptive under conclusive research; the insights gained from exploratory research were verified to assist the decision maker in determining, evaluating, and selecting the best course of action to take for tableware ceramics industry.

3.2 Sources of Data

The study was done based on primary as well as secondary data. In this study the main target population was the organizations who export ceramic tableware products from Bangladesh. Under tableware ceramics industry of Bangladesh mainly four companies, i.e., Shinepukur Ceramics, Monno Ceramics, Artisan Ceramics, and FARR Ceramics are involved in international marketing and all those were considered for this study. Some other organizations also export negligible amount occasionally. Primary data has been collected from senior officers of the above companies, and association of the industry. Different versions of pre-tested questionnaires were designed in keeping with the view of the objective of the research. The methods for collecting information were personal interview, conversation, survey and observation. Secondary data were collected through different annual reports and papers of the companies, prospectus, relevant journals, dailies, periodicals, related research works, relevant books, websites of the companies, and Export Promotion Bureau (EPB).

3.3 Data Analysis

Data analysis is performed in different statistical techniques such as summary statistics, i.e., frequency distribution and cross-tabulation. Data were analyzed by using SPSS 12 Software.

4.0 Results and Discussions of the Study

Ceramic Industry manufactures useful and ornamental articles from clay by shaping and hardening it in high temperature. The industry is basically development of indigenous pottery works. Broadly, ceramics denote manufacturing products from non-metallic mineral hardened at high temperature. Industrial ceramics comprise all industrially used solid materials that are neither metallic nor organic. Major ceramic products include glass, earthenware, porcelain, white-ware, porcelain enamels, brick tiles, terracotta, refractories, cement, lime, gypsum and certain abrasives. About 95% raw materials for manufacturing quality and exportable ceramic products in Bangladesh are imported from Japan, Germany, New Zealand and India. Major competitors of ceramic companies of Bangladesh are mostly from Asian countries, i. e., China, Japan, Indonesia, Malaysia, Sri Lanka and Thailand. Currently, China controls ceramics tableware market of the world. More than 60% of the world market is captured by China. To face these giant competitors in the world market ceramics tableware companies of Bangladesh also set some marketing strategies. After analyzing the collected data this study found a scenario of marketing strategies of export oriented ceramics tableware industry of Bangladesh.

4.1 Market Segmenting and Targeting Strategies

Markets consist of buyers, and buyers differ in one or more ways (Kotler and Armstrong 1997). Market segmentation is the process by which a market is divided into distinct customer subsets of people with similar needs and characteristics that lead them to respond in similar ways to a particular product offering and strategic marketing program. In the sports apparel example, the researchers segmented the market for sports apparel into seven groups according to the benefits each sought from such apparel and the relative importance attached to various choice criteria (fit, durability, versatility) they might use in deciding which sports brand to buy. Next, they described each segment's demographics, lifestyle, and media habits. Since few, if any, sports apparel firms could hope to satisfy the needs of all seven segments, each firm would have to decide which segment (s) to target. To do so would require evaluating the relative attractiveness of each segment (size, revenue potential, and growth rate), the benefits sought, and the firm's relative business strengths. The process is called target marketing (Boyd, 1998). There is no single way to segment a market. A marketer has to try different segmentation variables, alone and in combination, to find the best way to view the market structure (Kotler and Armstrong 1997). Export oriented tableware ceramics companies also follow some segmentation and targeting strategies.

- Shinepukur Ceramics and Monno Ceramics follow mass marketing, segment marketing and local marketing strategies. On the other hand Artisan Ceramics and FARR Ceramics pursue the segmented marketing and local marketing strategies.

- Global tableware ceramics players of Bangladesh mainly consider geographic, demographic and psychographic variables to set segmentation strategies. Shinepukur Ceramics and Monno Ceramics follow the geographic, psychographic, and demographic segmentation strategies. Artisan Ceramics and FARR Ceramics follow only geographic segmentation strategies.
- Under geographic segmentation all the companies follow country region variable. Every year these four companies export their tableware ceramic products to U.S.A, U.K, Germany, Italy, Norway, France, Spain, Canada, Japan, Turkey, India, Sweden, and some other countries.
- For demographic segmentation companies (Shinepukur and Monno) consider age, generation, and income variables.
- In case of psychographic segmentation companies (Shinepukur and Monno) consider only one variable, i.e., social class.
- In overseas markets there is huge demand of Bone China brand but it is very much expensive. That's why companies target upper class consumer.

4.2 Market Positioning

Consumers (market) are overloaded with information about products and services. They cannot evaluate products every time they make a buying decision. To simplify the buying process, consumers organize products into categories – they ‘position’ products, services, and companies in their minds. A **product's position** is the complex set of perceptions, impressions, and feelings that consumers hold for the product compared with competing products. Consumers position products with or without the help of marketers. But marketers do not want to leave their products' positions to chance. They must plan positions that will give their products the greatest advantage in selected target markets, and they must design marketing mixes to create these planned positions (Kotler and Armstrong, 1997).

- For market positioning export oriented tableware ceramics companies of Bangladesh identify needs and requirements of customers before starting production. Companies also consider factors like company resources and competitors' marketing strategies. But Shinepukur Ceramics pursue the product variability strategy also with those two factors.
- Creating a competitive advantage is now an additional strategy for any company. There are many factors for creating competitive advantage. In tableware ceramics industry all of the companies emphasis on product, brand image, skill personnel, and availability for creating competitive advantage.
- Selecting an overall positioning strategy, companies follow different possible value propositions. In domestic and foreign market Shinepukur Ceramics follow more benefit, more price strategy. Monno Ceramics and Artisan Ceramics follow more benefit, less price and same benefit, same price strategy. FARR Ceramics follow more benefit, same price strategy.

More specifically companies' positioning strategies are as follows:

4. 2 .1 Product Strategies

- In domestic and overseas markets Shinepukur Ceramics markets unique products. Its Bone China brand is very much demandable in overseas markets and now it is producing some other unique brands, i.e., Real Bone China and Fine Bone China.
- Shinepukur Ceramics emphasizes on quality and nice looking design for launching new products. Monno Ceramics considers quality and brand image. FARR Ceramics mainly emphasizes on quality. Shape is considered by Artisan Ceramics for launching any new product.
- All the companies excluding Shinepukur maintain quality through setting own standard and TQM approach. Shinepukur Ceramics maintains quality by third party QC team for getting best quality of the products.
- If delivered product (s) in the overseas markets is (are) broken or cannot match standard quality companies replace by new and quality products (s).
- Companies under tableware ceramics industry launch new products invented by their own research & development (R&D) department.
- Export oriented companies under tableware ceramics industry of Bangladesh follow master branding strategy. Shinepukur Ceramics also follow endorsed branding strategy.

4. 2. 2 Pricing Strategies

- Companies under tableware ceramics industry set dynamic price for different markets in different countries.
- Mainly some internal factors are considered at the time of setting price. Shinepukur Ceramics and Monno Ceramics consider costs, marketing mix strategy and organizational considerations. FARR Ceramics considers only costs and Artisan Ceramics consider the marketing objectives and costs.
- External factors are considered also. Monno Ceramics considers competitors' prices. Shinepukur, FARR, and Artisan Ceramics consider environment factors, i.e., nature of the market, demand and competitors' prices.
- From general pricing approaches point of view, Monno Ceramics and FARR Ceramics consider cost-based pricing approach. Shinepukur Ceramics considers value-based and cost-based pricing approaches. Artisan Ceramics considers competition-based and cost-based pricing approaches.
- For new-products Shinepukur Ceramics follows market skimming pricing strategy. Rest of the companies follow market penetration pricing strategy.
- For product-mix pricing companies follow product line pricing.

- For international pricing Artisan Ceramics follows dumping pricing and full-cost pricing strategies. Shinepukur and Monno Ceramics consider full-cost pricing and variable-cost pricing. FARR Ceramics considers full-cost pricing.

4. 2. 3 Distribution Strategies

- Companies make the products available to the door of the customer mainly through indirect marketing. Shinepukur and Monno Ceramics also follow direct marketing through their subsidiary.
- Monno Ceramics and FARR Ceramics follow intensive distribution strategy. Shinepukur and Artisan Ceramics follow selective distribution strategy.
- Export oriented companies of tableware ceramics industry follow multi-channel distribution system.
- All the companies excluding FARR Ceramics use third-party logistics (3PL) provider.

4. 2. 4 Promotion Strategies

- For setting promotion budget, Monno ceramics follows affordable method, Shinepukur Ceramics follows percentage-of-sales method, Artisan and FARR Ceramics follow affordable and percentage-of-sales methods.
- For promoting products internationally export oriented companies use different promotion mix. Shinepukur Ceramics and Artisan Ceramics use mixture of advertising, sales promotion, and public relation. Monno Ceramics uses advertising and sales promotion. FARR Ceramics uses sales promotion tool mainly.
- To float information about products companies generally use newspaper, direct mail, internet, and magazines.
- Companies use some sales promotion tools also to promote the products. Artisan Ceramics uses sample, point-of-purchase promotion, and premium. Monno Ceramics uses sample and point-of-purchase promotion. Shinepukur Ceramics uses point-of-purchase promotion, price pack, and premium. FARR Ceramics uses sample, price pack, and premium.
- For public relation purpose companies mainly follow press agency and product publicity strategies.

5.0 Concluding Remarks of the Study

In our country tableware ceramics industry is developing day by day. Already many companies are in the market and are serving consumers delivering quality products. To compete smartly in the domestic and international markets companies need to set appropriate marketing strategies. For setting correct strategies companies need to find out appropriate segments and set right

positioning strategies. For setting right positioning strategies companies need to know the needs and requirements of the customers. International players under ceramic industry of Bangladesh are doing above described activities more or less correctly. If individual organizations can set appropriate marketing strategies that will be beneficial for the organizations as well as for the industry. Lots of changes have taken place in tableware ceramics industry in last few years. Once upon a time consumers were not concerned about shape, design and other factors. But now-a-days these things are considered. In modern world consumers' demand is changing day by day and they switch companies frequently. So, to retain the consumers is important and it will be possible when companies will be aware about perception of customers and will be able to take position according to that perception. By creating competitive advantages companies have to do something special for customers and by this way company can increase their relative market share as well as achieve top position also.

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