Market Entry and Sustenance Strategies of Korean firms in Indian Consumer Electronics Market: An Exploratory Study.

Y.L.R. Moorthi and T.R. Madanmohan
Indian Institute of Management Bangalore
Bannerghatta Road, Bangalore
INDIA. 560 076.

Authors sincerely acknowledge Prof. V.G. Sridharan for his valuable comments on an earlier draft. Thanks are also due to Mr.Krishna Kumar for his help in data collection. The usual disclaimers apply.

Abstract

With globalization of markets and competition, foreign markets have become increasingly viable and natural opportunities for growth oriented firms In international marketing, an important decision concerns that of foreign market entry its mode, contents and implementation In this study, we make an attempt to analyze the market entry of Korean firms into the Indian consumer electronics market and its related dynamics Specifically, the focus of the study is to 1) understand the entry behavior of Korean firms, 2) focus of strategy product feature based or cost based, 3) defensive strategies of Indian incumbent firms and 4) forecast likely competitive events that may unfold in future Results based on a sample survey of 21 senior executives reveals that Korean firms do not have any substantive entry advantage Korean firms, currently pursuing product-centered strategies, are perceived to switch over to price-centered strategies like their Indian counterparts

Key Words Indian Consumer Electronics, Korean firms, market entry

Introduction

In international marketing, an important decision that management of a firm involved in exporting has to make relates to the entry strategy in a given market (Douglas and Craig, 1989). Previous research studies have focused on analyzing product, promotion, pricing, and distribution aspects of foreign market entry (Hill and Still 1984; Walters 1986; Willard and Savara 1988) Studies have also explored the influence of industry, market, organization, and environmental characteristics on foreign market performance (Buzzell 1968; Cavusgil, Zou and Naidu 1993; Jain 1989). An important issue for researchers and managers analyzing history of competitors and nations is to examine entry behavior to check for commonality in internationalization. Yip (1988) observes that successful foreign entrants seem to be pursuing different strategies for different markets, despite having a common pattern of marketing decisions Identification of such a pattern enables researchers to comprehend the dynamics of competition in a host country market To a practicing manager, such an analysis may indicate the likely positions firms engage in, the preference structures of their competition and the likely combative strategies

This study seeks to validate the internationalization strategies of Korean foreign entry analyzes the dynamics of Indian consumer electronics market from the following considerations. Entry of Korean firms into Indian consumer electronics market seems significantly different from their entry strategies in the U.S or Europe. In the U S, the Korean companies have entered through private labels and mass market. In the Indian market they have entered at a different level. Samsung unveils what it calls its

"WORLD'S BEST" in a given product category in India The other Korean firms are also bringing the latest in terms of product offering Uptill now, their market presence is limited but they seem to pose formidable competition in the years to come This raises several important issues such as·

- Will the new Korean strategy work in India given that traditionally their strength has been at the lower end?
- Will this strategy bear fruit in India where the market is actually sensitive to price and the products in demand like Black and White TVs and semi-automatic washing machines are not even offered by the Korean companies?
- Will the Korean companies be forced to adopt Indian strategies for the Indian market, which means more emphasis on price rather than product?
- Conversely, will the Indian market upgrade so that the Koreans might have entered it just-in-time?
- What will be the impact of the entry of Korean companies into the Indian market?

The paper is organized as follows The immediate section describes selective review of literature followed by a brief account of Indian consumer electronics market The next section describes the methodology adopted, with details of instrument used, sample and data collection. The last section provides the results and discussions

Literature Review

Literature reveals three characteristics of global strategy that determine success of a foreign market entry strategy: 1) cost conditions, 2) demand conditions, and 3) history (Douglas and Craig 1989). Cost conditions refer to fixed entry costs, economies of scale, experience curve effects and economies of scope (Lambkin 1988) Demand conditions include market size, growth rate, elasticity of demand and degree of segmentation. However, these factors are also related to the stage of product life cycle, switching costs and overall drivers of brand choice (Porter 1980; Kirpalani and MacIntosh 1980, Piercy, 1981).

History includes the entrant's reputation for competing aggressively with the incumbents (Kotler, Fahey and Jatusripitak 1985) and also the relationship entrant firms establish between suppliers and distributors of the home country (Hallen, Jan and Nazeem 1991, Huff 1982). History also refers to common traits and characteristics firms exhibit in their foreign entry Certain nations and industries manifest a pattern in their expansion into foreign markets. For example, U.S companies typically begin overseas expansion by branching into Canada, U.K and then Europe. Studies of Japanese companies have shown some distinct pattern of overseas market expansion (Jatuspritak, Fahey and Kotler 1985) Japanese typically begin by establishing themselves in the domestic market, after which they refine international strategies in neighboring developing countries. Based on this learning, they then move on to advanced developed markets such as the United States

However, a slightly different pattern is emulated in certain high-technology industries, such as computers. They sought to expand into markets similar to the United States, such as Australia, before entering U.S and Europe (Rossman 1982) Korea, inspired by the Japanese model of internationalization pursues similar strategies. Japanese and Korean firms entering foreign markets exhibit the three routes: 1) pursue cost leadership and market segmentation strategies (Simon 1986), 2) increase similarity of products or provide alternatives to existing products (Park 1993), and 3) employ low cost pricing to thwart out incumbent firms and to become price-quality leaders in the chosen markets Japanese and Korean firms pursue long-term, less flexible strategies in comparison to American firms (Egelhoff 1993).

Indian Consumer Electronics Market : A Brief

An overview of the Indian market might be helpful in understanding the mechanics of the consumer electronics market in India The product categories that are being considered here are (a) TVs, (b) refrigerators, (c) washing machines, and (d) audio systems. A list of the leading companies operating in the different categories and their approximate market shares are presented in table 1. Of the firms listed above BPL is strong in all the above four product categories, while Videocon is strong in TVs and washing machines primarily Onida is strong in TVs and it doesn't have a refrigerator range. BPL started in the 60s as an electrical and electronic measuring instrument manufacturer It grew into a successful consumer electronics company in the two decades that followed basically on the technology platform. Even today BPL owes most of its success in the market to the hi-tech image it has in the minds of the average Indian consumer

Onida on the other hand has a 'premium' image largely owing to its color TV range (Chittal, 1997). This image is derived from its innovative negative emotional advertising ('Neighbour's envy, Owner's pride" - Envy being highlighted through the devil). Its success has been restricted to TVs. Besides with the entry of competitors like Sony part of its premium market is likely to be lost. Videocon's selling point in all the product categories has been fundamentally "competitive price" though it now has premium offerings like the high-end Bazooka TV. It entered as a low-priced competitor to Onida and was successful in gaining volumes. It was immensely successful with its semi-automatic washing machine. Even today it has more than 40% share in the washing machines market though it has lately been yielding ground to competitors Both BPL and Videocon are expected to give tough competition to the Korean and Japanese companies IFB Bosch, another Indian Company has a significant share in the fully automatic washing machines market

Godrej, the other leading Indian group is strong only in refrigerators in the above list Its other interests are toilet soaps, safety locks, safes and furniture Allwyn was a state owned company whose refrigeration unit was taken over by Voltas, and the unit suffers from excess manpower. Thus Allwyn is technically under Voltas though the two sell as different brands in the market. Both the brands are known in the market but neither has been very innovative in its products. Besides, Voltas in the recent past is beset by organizational problems (Bhandari 1997)

Akai is worth special mention fundamentally for its aggressive marketing It reportedly sold close to 5 lakh TVs in 1997-98, which is phenomenal growth considering that it is just a two-year old in the market. Akai has successfully exploited the replacement market. Besides it has resorted to aggressive pricing and bundling of durables (a phenomenon not known in the past). For instance it offered a 14" color TV free with every 21" TV bought (Chittal, 1997). Recently it offered a home theatre system for RS 23,000 which typically costs more than RS.70, 000 These aggressive market moves have won Akai significant market share. From its side, Akai claims to have the ability to manage such innovative market offers well beyond 2000 AD

Philips in India has an ambivalent image though benign It is an MNC (Multinational Corporation) and yet it is so old in India that it is treated almost as an Indian company Philips' strength stems from its fame in audio-products, which date back to the days of transistors Its turnover on 1996-97 was RS 1485 Crores, 52 per cent of which was from consumer electronics (Jhaveri, 1997). It was also successful in the nineties with its mid-market range of "Power House" audio system and now the full range of CD (Compact Disc) systems At the organizational level, however Philips has problems in that it barely breaks even (Subramainum 1997). Owing to government restrictions, till recently, it was not allowed to use brand name 'Philips' on its TV sets However it is perceived as a strong competitor especially in the audio systems and also TVs Among the other MNCs Whirlpool is the most aggressive. Like Akai in TVs, Whirlpool aggressively pursued market share both in washing machines and refrigerators and got it But this market share was obtained at a price. On a turnover of 6 billion rupees it made a loss of one billion rupees (Chakraborty 1997). Nevertheless it is seen as a strong competitor in both washing machines and refrigerator markets Electrolux owns the "Kelvinator' brand which is popular in India. But till recently this brand was manufactured by an Indian firm Kelvinator India and Electrolux did not get the benefit of the brand name. In the recent past however Kelvinator India slid due to problems of labor relations and the brand suffered. With the Kelvinator brand back in its fold Electrolux now plans to have both the Kelvinator and the Electrolux brands in the Indian market.

Among the Japanese competitors Sony is seen as more successful than Panasonic in India. Sony sells more than a lakh color TVs a year but its strongest competitor is its own grey market (Subramanium, 1997). Sony is believed to have done extremely well in the CD range of audio systems. Panasonic, on the other hand has trailed behind because it has taken more time than other companies to settle in India. JVC. Toshiba and Sanyo have tied up with Onida, Videocon and BPL respectively.

Lastly the Korean trio Samsung, Daewoo and LG are to be considered The three South Korean giants have interests in every product category from "ships to chips". Their offer is also competitive in the market. Of the three Samsung entered the earliest in India and exploited the early entry advantage. It is a strong competitor in color TVs. LG (earlier Lucky Goldstar) made two abortive bids in the past to enter India once through an Indian company Bestavision and once through the CK Birla group. Finally it entered through a fully owned subsidiary This somewhat delayed its entry (Subramanium 1997) It is perceived as a steady, consistent and strong competitor (like Sony, though Sony is more reputed for its breakthrough products like 'Trinitron Picture Tube and the Walkman) Of the three Daewoo is seen as weak because it is yet to get its act together in India (Chakraborty 1997) But it is just about a year old in India and it may be too early to judge its performance.

The Korean firms are all less than four years old in India Their entry into India also coincided with India's era of liberalization In a way they represent the shape of things to come not just in consumer electronics but in the India market as a whole In the consumer electronics market exclusively Indian companies fought the first round At one point in the eighties there were 70 companies making TVs Now the list has come down to three (BPL, Videocon, and Onida) The Indian companies are believed to suffer from limitations of size, scale and global reach, while they possess the strengths of service, distribution and brand awareness in the Indian market The big question now is what will happen to the Indian companies given the entry of the Korean mega-corporations?.

Hypotheses

On the basis of the literature and the dynamics of the Indian consumer electronics industry, we developed the following hypotheses (presented in null form)

H1 Korean firms are more active in pushing replacement market than the Indian companies

H2: Korean firms pursue very different strategies in comparison to Indian firms

H3: Korean firms would compete more on product features than on price

H4: Korean firms compete on product range than price.

H5: Korean firms see India more as a market place than production base.

H6: A decade from now, Indian brands will be seen competing at the popular end rather than the premium segment.

H7: A decade from now Indian firms will loose to Korean firms because they lack R & D?

H8: Most new buyers will buy Korean brands because of their superior product features.

H9: Japanese and Korean companies will kill Indian companies (if not brands) as they did in the US.

H10: Korean firms gain more from product proliferation than Indian firms do.

H 11: Korean firms introduce new models faster than Indian companies

Method

Forty senior executives from all firms competing in Indian Consumer Electronics ndustry were contacted to elicit their views about Korean consumer firm's entry and associated consequences They were chosen without any bias to represent opinion from all types of competitors Indian, Japanese, Korean and American. Twenty-one of the forty in the sampling frame responded positively. Initially, a series of preliminary interviews were conducted with marketing executives to 1) verify and improve the relevance of close ended questions developed, 2) validate and modify the questions to measure the hypothesis, and, 3) devise and verify a procedure that the researchers would use to collect data and analyze the results. Based on this exercise a closed-ended questionnaire was developed for data collection (Copy available on request). The data collection procedure followed face-to-face interviews with the executives by the researchers themselves. The focus was on executives' perception of Korean entry and the relative success of these activities, not on the merits of a particular product. Having executives talk about an actual rather than a hypothetical event allowed us to ground their perceptions in actual experiences with market entry and competition. Of the twenty-one executives who responded eleven represented Indian firms while the other half of respondents were equally distributed amongst Korean and other MNCs. Typically, the meetings started with a brief statement by the researchers on objectives of the study and the proposed analysis. The interviews usually lasted for about an hour and half. The average age of the executives was 39 and the average managerial experience (including the present position) was 7.5 years.

Given, the exploratory deductive nature of the study, our objective was more to validate the hypotheses than cover relationships. For univariate single sample with nominal data, Tull and Hawkins (1987) recommend Binomial test or Chi-sqaure one-sample test. For this study we adopted Binomial tests to validate the hypotheses.

Results and Discussion

Table 2 provides the details of hypothesis testing. For this study, we chose acceptance levels at four percent level as this satisfies the appropriate level for one tailed-Binomial test (Sellitiz, Wrightsman and Cook 1976). As seen from Table 1, except hypothesis 6 all others are rejected The following paragraphs discuss the relevance of the hypothesis tests and offer explanations

The justification for rejection of hypothesis 1 may be argued as follows. Koreans are not the ones active in the replacement market. Upgrades, from Black and White to Color TV's, consist of 65 per cent of the color TV buyer (Chittal, 1997). The replacement market was always there but it was largely under the purview of the dealers. The company that really exploited the replacement market is Akai. Significantly it is not a Korean company. Before Akai changed the rules of the game with innovative exchange offers it was Indian companies like Godrej and Videocon that utilized the replacement market. Further, the replacement offers work in TVs but not in washing machines This is because old color TV fetches Rs.3000 to 6000 but an old washing machine gets less than Rs 1000 (Chakraborty 1997). There is however a reason for setting this hypothesis Since the Koreans were entering at the higher end, it was thought that they would be forced to take the replacement route. For instance they do not make black and white TVs. The biggest replacement segment in TVs is the population upgrading from black and white to color TV (Subramanium 1997). In refrigerators again the Koreans due to government regulations could not enter the low-capacity refrigerators (less than 200 liter). Consequently it was felt that the Koreans would trigger the replacement market which was the easiest way of selling their higher end durable. This did not happen. It is likely that in refrigerators the Korean companies may start sourcing from Indian companies Some of the Korean companies like LG have gone on record to state that they are not looking at the replacement market (Schlender 1998). Thus it might be concluded that

Akai would lead the replacement market At least for now the Korean companies may not be exploiting the replacement market in a big way. In future they may like to exploit the replacement market as well But that may not give them any competitive edge

Rejection of hypothesis 2 suggests the likely position Korean firms would adopt in comparison to their Indian incumbent firms. Most market observers felt that the Korean strategies were not and will not be very different from those of Indian companies Many acknowledge that their point of purchase material is superior to that displayed by Indian companies. Some opine that their service is marginally better But questions are also raised as to whether they would be able to sustain service levels if they were to grow to the size of say BPL. They are possibly a little more dealer friendly (Padmanabhan 1995) In other words market perception is that the strategies of Korean firms will not be very different from that of Indian companies. Very likely they will 'Indianise' their strategies This means that eventually they will shift to the mass market Further they might adopt some of the practices of the Indian market though these may not fall in line with their policy worldwide. For instance LG started with a "NO CREDIT POLICY" for the dealers Soon the market forced them to adopt a 21-day credit norm Thus the strategies of Korean firms will not be materially different from those of Indian companies. Besides there are certain structural features in the Indian market that might force the Korean companies to duplicate strategies of Indian firms The most promising product category in the group is color TVs. Most MNCs that are 3 years old in the country have sold about 100000 numbers in 96-97 which translates to about 5% market share This market is perceived as the easiest to enter by most respondents The audio market has strong competitors like Sony at the top end, BPL at the lower end and Philips in the entire range This will not deter the Korean companies from contending for market share but they have will to develop clear-cut strategies to win in this market because competitors hold fairly strong positions

The refrigerators market is limited for the range offered by the Korean companies. The machines that account for more than 70% of the refrigerator market less than 200 litre in capacity The Korean companies by the current governmental regulations cannot import the refrigerators of the size of less than 200 liter. This leaves them with the option of sourcing it from Indian companies or manufacturing themselves The latter option may take about 2 years to crystallize. Thus, their ambitions for the refrigerator market must be somewhat limited The washing machine market is very limited in size (It would be less than half the size of the color TV or the refrigerator market in terms of value) Thus the best bet for the Korean companies is possibly color TV market Akai here has already changed the rules of the game triggering replacement purchase in a big way and crashing prices (Chakraborty 1997) Given that the prices for consumer electronics goods have been steadily falling the world over and the value-for-money strategy that the Korean companies are known for, they might very soon opt for the same strategy in India

Hypothesis 3, Korean firms would compete on product feature than price, has been rejected at 4% significance level The reasons for rejection may be as follows There is some agreement on the opinion that though the Koreans started with "product" as their focus they may eventually move to the "price" platform (Padmanabhan 1995) This has been their strategy world-wide, but there are reasons as to believe that this may not be replicated in India Koreans do not manufacture some of the products that are much sought after in India (e g · Black and White TV, semi-automatic washing machine) This is because technologically they are already in a different league. For instance, their refrigerators are acknowledged to be superior to the Indian makes Secondly though their intention was not to fight on the price front, simultaneous entry of several Korean firms crashed prices in the higher end as well (Chittal, 1997) As of now, they might follow a 'middle ground' strategy They may offer "more product for the same price" In sum, it is possible to speculate that the Koreans may start with "product focus" but may soon incorporate price also in the strategy As of now they may adopt "more product for the same price" approach

Hypothesis 4, that Korean firms compete on product variety and not price, has been summarily rejected Not many of the respondents believe that Koreans would pursue a wide basket of product variety However, some do conceded that the Korean product range in white goods is better, though limited Respondents believe that in the long run Samsung and LG would do well in consumer electronics LG is also expected to do well in refrigerators while Daewoo might fare well in washing machines

Hypothesis 5 rejected at 4 per cent indicates that despite huge investments proclaimed by Koreans (Schlender 1998), respondents feel they are concentrating on the Indian market rather than using it as an export base But in future they may have to look at the export option as well given the huge capacities they plan to set up

Hypothesis 6 which states "A decade from now, Indian brands will be seen competing at the popular end rather than the premium segment", has been accepted at four percent significance level. Many respondents tended to agree with this view though the reasons for their agreement were different. Representatives from Korean and other MNC's felt that the Indian companies would be forced into the popular market because of the superior product range of the former. Respondents representing Indian firms felt that far from being pushed into rural markets the Indian companies would actively seek those markets because the Koreans do not offer comparable products For instance, because the Korean companies do not offer black and white TVs it might be sound strategy to offer them for the Indian companies because these sell better in rural areas Further, the wide distribution network of the Indian companies is better suited for this than that of the Korean companies (Subramanium 1997) Some felt that in the current market scenario one has to be represented in all the segments and not just the high-end or the low-end. But there was agreement on the fact that Indian companies would pursue popular markets.

Is it only a decade of existence, before the Indian firms see the dark tunnels closing on them? By rejecting the hypothesis 7, respondents seem to convey a mixed response to this question. Respondents representing Indian companies were not unduly worried about R& D They argued that microchips and other components could be sourced from abroad and assembled in India (Padmanabhan 1995) So what probably matters more is market savvy rather than technology Even internationally such a development has been seen in the VCR market It is for instance felt that Matsushita's VHS standard ultimately triumphed more because of marketing reasons than technological reasons. Besides not all Indian organizations are alien to R & D. BPL has invested significantly in technology and backward integration Some of the Korean executives acknowledged this strength of BPL

Some felt that Indian companies are good merely at reverse engineering But it should not be forgotten that the Korean as well as the Japanese companies started in a similar manner. Besides, the Indian companies will possibly get technology without much problem as seen in case of BPL However even here there are reservations because neither Sanyo (BPL's collaborator) nor Toshiba (Videocon's collaborator) is technologically strong in TVs or appliances (Subramanium 1997) The two companies with strong technology base in TVs are supposed to be Sony and Philips Thus the important question will be whether strong Indian companies like BPL and Videocon will be able to upgrade technology fast enough to match the Japanese and the Koreans? Sony for instance is introducing a 100% flat TV and a "digital kit" (TV+computer+video) Will the Indian companies be able to compete with such products technologically? On the most premium end it is possible that Indian companies may not have products to match say Sony But in all the other slots if the Indian companies are pro-active enough they can compete. Further, if, happened in the past marketing of the product proves to be more important than the product itself the Indian companies should be able to compete successfully (Chakraborty 1997)

Hypothesis 8, "Most new buyers will buy Korean brands because of their superior product features", was rejected at 4 per cent significance level. Indian companies feel that the Korean TV sets are not superior though they agree that the Korean white goods may be better For instance the chips used by some of the Korean TVs are the same as the ones used by Indian companies. The "Golden Eye" feature (a mechanism that adjusts the TV's brightness to the ambient conditions) is claimed to have been pioneered by Onida and hence the Indian companies do not see how LG's offering is superior However, Onida dropped this feature, as there was no enthusiasm for it Samsung's "zoom" feature on the other hand is finding favor in the market It is thus possible to say that features that are of relevance to the market will survive The others may fail For instance "picture-in-picture" feature was available sometime back (Videocon had a model in the past) It did not do well because the software necessary to operationalize the feature was not available. Certain advanced features such as "programming" in washing machines may fail because it assumes uninterrupted supply of electricity However a similar difficulty was predicted for frost-free refrigerators and fully automatic washing machines But they performed reasonably well in the market Finally it is possible that the Koreans market these features more aggressively than Indian companies but that remains a matter of conjecture. Besides some respondents felt that brands are bought as brands and not necessarily because they are superior as products when compared to competitive offerings (This view is being increasingly questioned abroad because of the growth of store brands .In India however it might have some relevance). In other words success in the Indian market is seen as a function of marketing capabilities besides technological superiority

Japanese and Korean companies will kill Indian companies (if not brands) as they did in the US. This hypothesis has been rejected at four per cent significance level. The general feeling was that strong Indian companies would survive while weak ones will perish Of the leading Indian companies BPL is seen as the strongest followed by Videocon and Onida. Onida suffered because of organizational problems. Besides, it was significantly successful only in TVs. Videocon has been successful in washing machines and TVs. BPL has been successful in most product categories except photocopiers and is seen as having the greatest potential to fight the Korean or Japanese competitors Besides, strong Indian companies have a large customer base, brand equity (which the Korean brands have to build) and a reliable distribution and service network All these give the dominant Indian companies an edge. Thus defeat in the market is less probable than outright takeover.

Further, all the Korean companies have entered through 100% owned subsidiaries (Subramanian, Sastry, Pattanaik and Hazra 1996). That gives them that much less reason for takeovers. Also the manner in which the Korean companies entered Indian markets is different from the manner in which they entered the American market. In the US they entered the low-end and eventually conquered the entire market In India however they entered not at the low end but at the middle and the premium ends Thus unseating the

Indian companies may not be very easy unless the Koreans also follow price-oriented strategies Besides they cannot make a black and white TV even if they wish which is what the Indian companies can still do Though outright takeover of any big Indian company cannot be ruled out market defeats are unlikely for strong Indian companies Weak Indian companies can however be either taken over or humbled in the market (Subramanium 1997).

Regarding the product proliferation advantage to Korean firms, the hypothesis was rejected The responses did not offer a clear direction in answering this question Some felt that when there are too many brands in the market the tendency is to seek safety by choosing known brands (Krouse 1984), which may benefit the Indian brands The other view was that the company seeking highest media recognition may eventually win (Reekie and Bhoyrub 1981). There is another dimension to product proliferation To start with the Indian consumer would probably place a Korean brand between Japanese brands and Indian brands in terms of quality (Chakraborty 1997). The Koreans may try to overcome this perception by introducing a wide range of products leading to product proliferation. Simultaneously, the Korean companies may also try to improve their brand equity through impressive advertising and point-of-purchase material. As of now, despite availability of all brands the Indian brands have a lead in terms of awareness. But this could change over a period of time. Thus for the present it is difficult to speculate whether the Indian firms will benefit more or the Korean firms will benefit more from product proliferation.

Though hypothesis 11 was statistically not valid many respondents were of the view that Korean firms will eventually introduce models faster As of now the Indian companies are introducing models faster than their Korean counterparts For instance Videocon introduced models faster than Samsung. But the Korean companies can introduce models faster This is a distinct possibility in white goods (e.g.: frost-free refrigerators) and also in TVs in near future.

CONCLUSIONS:

The most important conclusion that emerges from this study is that the Korean companies might be pursuing similar internationalization strategies across foreign markets Also the study revealed that they may not have any significant competitive edge as compared to the Indian companies in the Indian market In coming to terms with the Indian market they may shift from "product-oriented" strategies to "price-oriented" strategies (hypotheses 2,3 and 4) This is already in evidence in the Indian market The reasons for this can be found in global macro-environment as well Given the present economic status South Eastern countries how aggressively can the Koreans expand in new markets like India remains an open question But it is likely that to tide over the present predicament they might source components from Korea to take advantage of the falling "won" Daewoo has already made public its intention to do so for its Indian car Cielo Consequently the price of Cielo has been slashed by 25%. This would eventually take the Koreans to the strategy they know best, namely offering value-for-money That might eventually open up the Indian mass market to the Korean companies Though indicative, this shows that a common thread in internationalization strategies of Korean firms

But this will also bring them in direct collision with leading Indian companies like Videocon which themselves market products on the price platform The low price platform is particularly suitable for Indian companies given their established service and distribution network that gives them reach (hypothesis 6) The confrontation of Indian companies with the Korean companies is likely to lead to a shake out. This shakeout may also come as a consequence of the huge capacities planned to be established by the Korean companies (hypothesis 5) This might lead to the closure or the takeover of the weaker Indian companies though the agile and proactive ones will survive Ultimately the companies that emerge victorious are the ones which are quick and which make products relevant to the customer. Product range or feature proliferation may not by themselves lead to success (hypotheses 8, 10, 11)

Several limitations of this research should be noted with a view toward extending the present study. First, given explorative nature of the study the focus of the study was more on discovering the patterns than identification of relationships A longitudinal design spanning around half-a decade of foreign market entry analyzing order of entry effects, history and other dimensions may provide a richer understanding of the dynamics and complexity of relationships The sample we used does not constitute a random sample, because only those managers who were qualified for and willing to participate in the study were interviewed Generalizations of the results thus need to be made with caution. A fruitful direction of future research is to replicate the principal features of this study within different economic regions, and/or countries

References

Augustine, B 1997 Can he Save Voltas?., *Business India*, November 17-30, 58-64.

Bhandari, B.1997. LG looks for a new Star Market, *Business World*, 22 May, 42-43.

Buzzell, R.D. 1968. Can You Standardize Multinational Marketing?, *Harvard Business Review*, 49 (November-December), 102-113.

Chakraborty, A. 1997. India launches, on the double, *Business India*, November 3-16, 29-32.

Cavusgil, S.T, Zou, S and Naidu, G.M. 1993 Product and Promotion Adaptation in Export Ventures: An Empirical Investigation, *Journal of Business Research*, 12, 195-208.

Chittal, N. 1997. Buy One, Get one Free, *Express Investment Week*, 1-7 September, 18-24.

Douglas, S.P and Craig, C.S, "Evolution of Global Marketing Strategy: Scale, Scope and Synergy", Columbia Journal of World Business, 1989

Egelhoff, W.G. 1993. Great strategy or Great strategy implementation – Two ways of competing in global markets, *Sloan Management Review*, 34, 37-50.

Hallen, L Jan J, and Nazeem.S 1991. Interfirm Adaptation in Business Relationships, *Journal of Marketing*, 55 (April), 29-37.

Hill, J.S and R.S. Still, 1984. Adapting Products to LDC tastes, *Harvard Business Review*, 62 (March-April), 92-101.

Huff, A.S. 1982. Industry Influences on Strategy formulation, *Strategic Management Journal*, 3 (April/June), 119-131.

Jain, S.C. 1989. Standardization of International Marketing Strategy: Some Research Hypotheses, *Journal of Marketing*, 53 (January), 70-79.

Jatuspritak, S, Fahey, L and Kotler, P. 1985. Strageic Global Marketing: Lessons from the Japanese, *Columbia Journal of World Business*, 2, 47-53.

Jhaveri, B. 1997. Let us make our Portfolios look better without them, *Express Investment Week*, 1-7 September, 25-29

Kirpalani, V H and N.B. MacIntosh. 1980 International Marketing Effectiveness of Technology Oriented Small Firms, *Journal of International Business Studies*, 10 (Winter), 81-90

Kotler, P, Fahey, L and Jatusripitak, S 1985 *The New Competition*, Englewood Cliffs, NJ Prentice-Hall

Krouse, C G 1984 Brand Name as a Barrier to Entry The Realemon Case, *Southern Economics Journal*, 51, 495-502

Lambkin M. 1988 Order of Entry and Performance in New Markets, *Strategic Management Journal*, 9, 127-140

Padmanabhan, S 1995 The next battle in CTV war, *Business World*, 11-24 January, 96-97

Park, K 1993 Market Entry Strategies of Korean Industry in the Unified Euro-Market 1992", *Journal of Euromarketing*, 2(4), 87-100

Piercy, N 1981 Company Internationalization Active and Reactive Exporting, *European Journal of Marketing*, 13, 26-40

Porter, M E 1980 *Competitive Strategy*, New York, Free Press

Reekie, D W and P Bhoyrub 1981 Profitability and Intangible Assets Another Look at Advertising and Entry Barriers, *Applied Economics*, 13, 99-107

Rossman, M L 1982 Japanese Foreign Market Entry Strategies in Latin America, *Baylor Business Studies*, 13, 7-38

Schlender, B 1998 Asia's Businessmen of the Year, *Fortune*, January 12, 22-28

Sellitiz, C, Wrightsman, L S and Cook S W 1976 *Research Methods in Social Relations*, 3rd edition, New York Holt Rinehart and Winston,

Simon, J T 1986 Japanese Market Entry at Work Komatsu Vs Caterpillar, *International Marketing Review*, 3, 21-32

Subramanian,K.K, Sastry, D V S, Pattanaik, S and S Hazra 1996 *Foreign Collaborations Under Liberalisation Policy: Patterns of FDI and Technology Transfer in Indian Industry since 1991*, Department of Economic Analysis and Policy, Reserve Bank of India

Subramanium, G 1997 TV markets new Colors, *Business India*, July 28-August 10, 96-99

Tull, D S and Hawkins, D I 1987 *Marketing Research – Measurement and Method* New York Macmilan

Walters, P.G.P. 1986 International Marketing Policy: A Discussion of the Standardization Construct and Its Relevance for Corporate Policy, *Journal of International Business Studies,* 17 (Summer), 55-69

Willard, G.E and A.M. Savara, 1988. Patterns of Entry: Pathways to New Markets, *California Management Review*, 30, 57-76.

Yip, G.S. 1982. Gateways to Entry, *Business Review*, 60 (September-October), 85-92.

Table 1. **Details of Market Share (96-97).**

COLOUR TVs	REFRIGERATORS	WASHING M/Cs.	AUDO SYSTEMS
Size - 2 million	Size - 2 2 million	Size - 0.6 million	Size - 5.7 million
BPL - 24%	Godrej - 33%	Videocon - 45%	Philips - 27%
Videocon - 26%	Whirlpool - 25%	BPL - 20%	BPL - 12%
Onida - 11%	BPL - 10%	IFB - 10%	Videocon - 10%
Philips - 10%	Videocon - 12%	Whirlpool - 20%	MNCs - 13% (Sony, Akai, Samsun Panasonic)
Samsung - 5%	Voltas - 9%	Others - 5%	
Akai - 8%	Allwyn - 8%		Grey market - 28%
Sony - 4%	Others - 3%		(Unorganized an smuggled)
Thomson - 4%			Others - 10%
Others - 8%			

Source Business India, July 28- August 10 1997, Investment Week, September 1-7 1997

Table 2 Results of Hypothesis testing

Hypothesis no	Yes	No	Status (@ 4%)
H1	8	13	Rejected
H2	10	11	Rejected
H3	12	9	Rejected
H4	12	9	Rejected
H5	11	10	Rejected
H6	15	6	Accepted
H7	9	12	Rejected
H8	8	13	Rejected
H9	10	11	Rejected
H10	11	10	Rejected
H11	14	7	Rejected