

# INTERNATIONAL BUSINESS MANAGEMENT



**Brand:** Mehta Solutions

**Product Code:** case474

**Weight:** 0.00kg

**Price:** Rs500

## Short Description

## INTERNATIONAL BUSINESS MANAGEMENT case study

### Description

#### A GLOBAL PLAYER?

This is one game that India has permanently lost to its arch-rival Pakistan – manufacturing and exporting sports goods. Historically, when India and Pakistan were one before 1947, Sialkot, now in Pakistan, used to be the world's largest production centre for badminton, hockey, football, volleyball, basketball, and cricket equipment. After the creation of Pakistan, Jalandhar became the second centre after Hindus in the trade migrated to India. Soon Jalandhar overtook Sialkot and till the early 1980s it remained so. However when the face of the trade began to change in the 1980s and import of quality leather and manufacturing equipment became a necessity for quality production, Pakistan wrested the initiative as India clung to its policies of discouraging imports through high duties and restrictions. As it was, the availability of labor and skills was a common factor in both Sialkot and Jalandhar, but with Sialkot having the advantage of easier entry, most of the world's top sports manufactures and procedures developed an association with local industry in Sialkot that continues even today. Ten years later, in the early 1990s, when Manmohan Singh liberalised the norms for importing equipment and raw material required for producing sports goods, it was too late as majority of the global majors had already shifted base to Sialkot.

In 1961 the late Narinder Mayor started the first large scale sports goods manufacturing

unit, Mayor & Company, thereby laying the foundation of an organized industry. Even today, more than 70 percent of the industry functions in an unorganized manner. Starting with soccer balls, Mayor expanded to produce inflatable balls like volleyballs, basketballs, and rugby balls. Today his two sons Rajan & Rajesh have built it up into five companies engaged in a wide array of businesses, though sports goods remain the group's core business. While the parent trading company, Mayor & Company, remains the leading revenue-earner to the tune of Rs. 55 crore annually out of a total group turnover of Rs. 85 crore-plus, Mayor's second venture, the Indo-Australian Mayor International Limited, is spinning another Rs. 15 crore. Mayor International is a 100 per cent export-oriented unit (EOU) exclusively manufacturing and exporting golf and tennis balls.

The product portfolio of the company comprises the following:

#### Inflatable Balls

Soccer balls and footballs (Professional, Indoor, Match and Training, leisure toy)

Volley balls, rugby balls (Volley balls and Beach Volley Balls)

Australian rugby, hand balls (English League, Union and touch) (Australian rules, Australian Rugby League balls with laces)

#### Boxing Equipment

Boxing and punching balls (Boxing and Punching Balls, Head Gear, Gloves, Punching Mitts and Kits Punching Bags & Bag Sets)

#### Gloves

Goal keeper's gloves (Football / Soccer)

Boxing gloves

#### Cricket Equipment

Worldwide distributor for Spading Cricket Bats, Balls and Protective equipment.

#### HOCKEY EQUIPMENT

Worldwide distributor for Spading Hokey Sticks, Balls & Protective equipment

Based in Delhi, Rajan Mayor, 41 is the CMD of the group, which also comprises an IT division working on B2B and B2C solutions; Voyaguer World Travels in the tourism sector; a houseware exports division specializing in stainless steel kitchenware, ceramics, and textiles; and a high school. Younger brother Rajesh, 34, is the executive director and looks after all the divisions operating in Jalandhar. Technical director Katz Nowaskowski divides his time equally between India and Australia, where he looks after the group's interests. "While inflatable balls are our prime competence in our core business, we are presently focusing on golf balls, for which we are the sole producers in South Asia. Out of a total Rs. 300 crore of sports goods business generated in domestic market, most of which is supplied by the unorganized players, golf balls constitute a miniscule amount and therefore we came up with a 100 per cent EOU for producing golf balls. Later the same facility was utilized with little moderation for tennis balls too," says

Nowaskowski.

Clarifying that the sports good industry in India only includes playing equipment and not apparels or shoes, D K Mittal, chairman of the Sports Goods Export Promotion Council

and joint secretary in the Ministry of Commerce, has certified Mayor group as the number one exporter since 1993 till date, barring 1996. However, SGEPC secretary Tarun Dewan points out that being the number one exporter does not mean that Mayor is the number one brand being exported. “Actually we have tie ups Dunlop, Arnold Palmer, and Fila for manufacturing golf balls. For footballs and volleyballs we have association with Adidas, Mitre, Puma, Umbro, and Dunlop. We manufacture soccer World Cup and European Cup replicas for Adidas, which is a huge market. Only 400 balls used for actual play in the World Cup are manufactured in Europe & that too only for sentimental reason, otherwise we are capable of delivering products of the same, if not better quality. Now since we manufacture balls for them, we cannot antimonies them by producing balls of similar quality with our own brand name. Secondly, I agree that competing with such big quaint in the world market in terms of branding is a task that is well beyond our reach at the moment. However, we are trying to brand ourselves in the domestic market and that is one of the prime focus in the coming year,” says Rajan.

Coca-Cola, Unilever, McDonald’s, American Airlines, Disney club, and other such big brands come up with huge orders at times for golf balls with their logos for promotional schemes. However, there is no mention of the producing country since these companies do not want to show that balls they deliver in the US are being produced in Asia, “Not only is our quality good enough; labour in India is cheap enough to churn out a much less expensive product in the end. Yet, the main threat to our industry comes from countries like Taiwan and China, who have already cornered a chunk of world markets in tennis, badminton, and squash rackets. This is primarily because of two reasons – slow response to our needs in tune with the market requirements from the government and lack of infrastructure. And most importantly, tags ‘Made in China’ or ‘Made in Taiwan’ are more acceptable in the West than ‘Made in India’ or ‘Made in Pakistan’. One of the mottos of the Mayor group has been to make ‘Made in India’ an acceptable label in the West. For that we stress quality, timely delivery, and competent rates. Yet, a lot depends on perception value, which in our case is sadly on the negative side, much owing to our government’s stance over the years. Things might be improving, but the pace is very slow and as our economy drifts towards a free market scenario supinely, it might just prove to be too little too late in the end,” says Rajesh.

Today, Mayor group is sitting pretty as its competitors, Soccer International Sakay Trades, Savi, Wasan, Cosco, Nivia and Spartan are only trying to catch up in the inflatables category. With 1.2 million dozen golf balls, Mayor is way ahead of its competitors. The company is planning to enhance its manufacturing capacity to 1.5 million dozen golf next fiscal. With approval from the world’s two top golf associations – the US PGA and RNA of Scotland, demand for its product is not a problem, the company’s senior marketing officials point out. With the markets in Mayor’s current export destinations – Europe, North America, Australia, and Nw Zealand – all set to expand in the coming years after the present slump, Mayor wants to expand its sports goods business that caters to 60 per cent of its overall exports. Though 40 per cent of exports come from house ware manufactured in Delhi and Mumbai, with export centres

in the same countries for its sports goods, just about maintaining this business at its present state, and concerning entirely on sports goods is what the mayors are intent on. With nearly 2000 skilled workforce; quality certification from ISO 9001:2000 and ISO 14001: 2004; and having spread to more than 40 countries, Mayor and Company is obviously sitting pretty.

### **Questions**

**What routes of globalization has the Mayor group chosen to go global? What other routes could it have taken?**

**What impediments are coming in the Mayor group's way becoming a major and active player in international business?**

**Why is 'Made in India' not liked in foreign markets? What can be done to erase the perception?**

### **Details**

**1. Case study solved answers**

**2. pdf/word**

**3. Fully Solved with answers**