Abstract

The Indian steel industry is undergoing turbulent changes due to the liberalisation of the economy. The customer needs are changing. The concept of service in the Indian steel industry is also undergoing change. The steel industry is expected to gear up to provide services as per the expectations of the market.

To understand the use of service in the Indian steel industry it is essential to understand the following:

- Discernable trends in service, in steel industry, in technologically advanced countries
- Prevalent concept and level of service in the Indian steel industry
- Opinion of experts in steel making, steel marketing and policy makers about the possible nature of services in the Indian steel industry, in the future
- Opinion of steel customers about what services they would demand from steel producers in the future

This research aims to synthesize all the above to present a picture of the Indian steel industry in the future and provide the top-management with the knowledge of:

- what services will be demanded by specific end-use segments of steel, in the future
- how to prepare, in terms of constituent parameters, to meet these services.

This research focuses primarily on two strategic groups within the steel industry, identified on the basis of size and the extent of backward integration, which are the integrated steel plants and secondary steel majors. Historical study of the Indian steel industry was followed by analysis of the present, through use of industry analysis, SWOT analysis and other techniques. The future has been depicted through use of Delphi inquiry. An innovation attempted was the use of two complementary views- that of experts and steel customers. The important paradigm shift that emerged from survey of literature was the changed concept of a product that includes many entwined services. The discernable trend was that the steel industry was moving downstream to provide value-adding services to customers. The steel producers are moving closer to the customer and helping them to become more competitive. With globalization of the economy, these trends are expected to show up in the Indian steel industry soon.

The outputs of the Delphi inquiry were in the form of 'end-user segment'-'service'-'likely year of demand'. Each anticipated service was analyzed, in terms of constituent parameters, in the form of a pair-wise comparison matrix. The matrix relationships were further refined by using them as input to Interpretive Structural Modeling (ISM) software. The ISM output provided the relative strength of each parameter for a particular service. The results of the ISM were used as input to Analytic Hierarchy Process (AHP) methodology. The objective judgment exercised in formulating the pair-wise comparisons was found to be consistent. The AHP results provided the relative importance of each input parameter for each end-user segment of steel and also the relative importance of each segment. The benefits were arrived at by synthesizing the market size, growth prospects in future and average contribution for serving a particular market segment. Based on the above cost-benefit analysis, generic strategies were suggested for Indian steel companies to address different end-user segments.

This research has made available a generic methodology which starts from qualitative/subjective judgement regarding services, refines it in steps into consistent, quantitative bases for strategy formulation and decision making. With slight modification, this method can be adapted to the analysis of service requirements in other industries such as banking, insurance, tourism or hotels.