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Market Penetration Strategies at Kansai Nerolac Paints Limited, Hosur

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ABSTRACT

Market penetration is a strategic method aimed at increasing the market share of existing products or services within existing markets. It is a critical component for companies seeking competitive advantage, particularly in industries experiencing intense rivalry and customer diversification. This research explores the various market penetration strategies implemented by Kansai Nerolac Paints Limited in Hosur, a rapidly growing industrial town. The study investigates how pricing strategies, promotional activities, distribution networks, and product differentiation influence customer satisfaction and buying decisions. A descriptive research design was adopted with primary data collected from 120 customers through structured questionnaires. Analytical methods including chi-square tests and correlation analysis were used to derive insights. The results indicate that strategic pricing, efficient distribution, and tailored product features significantly impact customer retention and loyalty. The study contributes valuable recommendations for strengthening market positioning and enhancing customer engagement.

Keywords: Market penetration, Strategies, Customer awareness, Customer satisfaction and Pricing strategy.

INTRODUCTION

India's paint industry has witnessed considerable growth over the past two decades, driven by infrastructure development, increasing urbanization, and rising disposable incomes. Within this context, Kansai Nerolac Paints Limited has emerged as one of the leading players in the decorative and industrial paint segments. The company is known for its innovation, sustainable products, and customer-oriented approach. As competition intensifies with major brands like Asian Paints and Berger vying for greater market share, Nerolac has had to adopt effective strategies to maintain and grow its presence.

Market penetration strategies involve deepening the presence of a brand in an existing market. This can be achieved through various means such as offering competitive pricing, enhancing product visibility through retail and digital channels, offering promotions, and innovating to meet localized customer preferences. The town of Hosur, with its blend of industrial zones and emerging residential areas, serves as an ideal case study to assess the effectiveness of these strategies. This research focuses on how Kansai Nerolac engages with this market, how customers perceive its strategies, and what improvements can be recommended.

REVIEW OF LITERATURE

[Ryan Wajdy Hamas \(2024\)](#), "The research aims to analyze new market penetration strategies in the expansion of beauty products to global markets. The method used is literary research involving a review of publications, articles, and books relevant to this topic. The findings of this study suggest that in order to successfully enter the global market, companies need to understand the needs and preferences of consumers in the target market, make product adjustments, formulations, and marketing strategies, invest in extensive distribution networks, and provide good customer support. The research also identifies some of the challenges that might emerge in expansion into global markets, such as cultural differences, regulations, and tighter competition.

[Toye Akamoh \(2024\)](#) examined market penetration as a growth strategy to improve MCN's market share. Using a descriptive survey with 83 management staff and simple random sampling, data were collected through questionnaires, interviews, and observation. Analysis involved frequency distributions and charts, supported by a deterministic decision-making matrix model. The study found that strategies like loyalty programs, free previews, and discount pricing effectively attracted competitors' customers. It recommended low-cost, dialogue-based penetration strategies to boost customer retention and market share.

[Bakri et al. \(2024\)](#) explored how e-commerce addresses geographical challenges in

Indonesia's retail sector. Using a qualitative literature review of studies from 2004–2024, the research highlights how digital technology, logistics partnerships, and localized marketing help overcome access barriers. Case studies of Tokopedia, Bukalapak, Blibli, and Shopee show that innovation, consumer trust, and government support are key. Notable strategies include Bukalapak's Partner Program, JD.id's drone delivery, and Shopee Guarantee, demonstrating adaptive solutions for sustainable e-commerce growth.

Zhao et al. (2024) developed the IMPACT model to analyze the energy, economic, and environmental effects of adopting fuel cell electric trucks (FCETs) in California. The model includes cost, choice, and infrastructure sub-models and evaluates three incentive plans, including the IRS CVTC and California's HVIP. Findings show that financial incentives significantly boost FCET adoption, but their success depends on careful design, considering vehicle costs, infrastructure, and sustainability. The study offers valuable guidance for policymakers promoting zero-emission vehicles.

SCOPE OF THE STUDY

The scope of the study is confined to Kansai Nerolac Paints Limited, Hosur. The sample data was collected from the customers of the company Kansai Nerolac Paints Limited. The main aim of this study is market penetration strategies of the company. It encompasses an in-depth examination of the various strategies employed by the company to penetrate existing markets and capture market share. This study will involve analyzing the effectiveness of different marketing tactics, pricing strategies, distribution channels, and product innovations utilized by Kansai Nerolac Paints Limited to gain a competitive edge in the market. Additionally, the scope will include evaluating the impact of external factors such as consumer preferences, market trends, and competitor actions on the success of market penetration efforts. This study can lead to increased market share, revenue growth, and profitability for Kansai Nerolac Paints Limited, ultimately benefiting not only the company itself but also its employees, shareholders, suppliers, and the local community through job creation, economic development, and sustainable business practices.

STATEMENT OF THE PROBLEM

In today's highly competitive business environment, companies in the paint industry must adopt robust marketing strategies to retain their existing customers while simultaneously expanding their market presence. Kansai Nerolac Paints Limited, despite being a well-established player in the Indian paint market, is continually challenged by rivals such as Asian Paints, Berger Paints, and Nippon Paints. These competitors actively implement aggressive pricing, targeted promotions, and expansive distribution networks that can potentially erode Kansai Nerolac's market share if counter-strategies are not timely and effective. One of the major issues faced by the company in smaller cities and emerging markets like Hosur is the inconsistency in marketing effectiveness. While urban and metro markets are saturated with brand awareness and structured campaigns, tier-2 and tier-3 towns may receive limited attention, resulting in gaps in product visibility, promotional reach, and customer engagement.

Additionally, with changing consumer behavior influenced by technology and rising service expectations, traditional marketing and distribution strategies may no longer yield the same level of success. Customers now demand competitive pricing, easy product availability—both online and offline—transparent information, and tailored product options. Kansai Nerolac's ability to meet these expectations consistently across markets becomes critical in maintaining relevance and fostering brand loyalty.

There is also a need to evaluate how the brand's product differentiation strategy—such as eco-friendly paints, antibacterial finishes, and aesthetic appeal—resonates with local consumers in Hosur, where price sensitivity and practicality may outweigh innovation. Furthermore, promotional campaigns may not be uniformly communicated, causing confusion or indifference among target customers.

Thus, the core problem this study aims to address is whether Kansai Nerolac's current market penetration strategies in Hosur are effective in terms of pricing, distribution, promotions, and customer satisfaction—and to what extent these strategies influence the buying behavior of local consumers. Identifying shortcomings and understanding customer perspectives are vital for refining these strategies to ensure sustained market growth and a stronger competitive edge.

LIMITATIONS OF THE STUDY

- The sample size chosen for the surveys being limited to 120.
- The researcher had also difficulty in getting some information which the respondents were not interested to give.
- The present study has been limited to Hosur only.
- The data is collected only from the customers of the company Kansai Nerolac Paints Limited.

RESEARCH OBJECTIVES

Primary Objective:

To evaluate the market penetration strategies of Kansai Nerolac Paints Limited, Hosur.

Secondary Objectives:

- To assess pricing, promotion, and distribution channels.
- To evaluate customer satisfaction and brand loyalty.
- To understand demographic influence on customer preferences.

- To analyze how digital marketing contributes to market penetration.
- To recommend data-driven improvements to existing marketing approaches.

RESEARCH METHODOLOGY

This study employed a descriptive research design to analyze the market penetration strategies of Kansai Nerolac Paints. A structured questionnaire was used to collect primary data from 120 customers, selected through convenience sampling due to ease of access and time constraints. The questionnaire included a mix of closed-ended and Likert-scale questions to assess customer preferences, satisfaction, and brand perception. To interpret the data, statistical tools such as percentage analysis, chi-square tests, and correlation analysis were applied. These tools helped identify patterns, relationships, and associations between various consumer behaviors and demographic factors.

RESEARCH DESIGN

The descriptive design helped in examining current customer behavior, satisfaction levels, and perceptions without manipulating any variables. This method was ideal for assessing a large sample in a short timeframe. The cross-sectional nature of this descriptive research enabled capturing diverse viewpoints within a limited timeframe. The study ensured representation across gender, income, and occupational groups to reflect a broad market view.

Sources For Data Collection

Primary data - In this study the primary data was collected through questionnaire by using survey method.

Secondary data - In this study secondary data was collected from company website, magazines, journals and books

DATA ANALYSIS AND INTERPRETATION

CHI-SQUARE ANALYSIS

Relationship between gender of the respondents and the pricing strategy of the company provides good value for the money spent.

HYPOTHESIS TESTING

Null hypothesis (H0):

There is no significant relationship between the gender of the respondents and the pricing strategy of the company provides good value for the money spent.

Alternative hypothesis (H1):

There is some significant relationship between the gender of the respondents and the pricing strategy of the company provides good value for the money spent.

CHI-SQUARE CALCULATION:

Gender of the respondents * The pricing strategy of the company provides good value for the money spent						
Gender of the respondents	Excellent	Good	Average	Bad	Poor	Total
Male	22	41	3	7	10	83
Female	10	3	9	0	15	37
Total	32	44	12	7	25	120

Chi-Square Tests

CHI-SQUARE TESTS	Value	df	Asymp. Sig. (2- sided)
Pearson Chi-Square	35.971 ^a	4	.000
Likelihood Ratio	39.462	4	.000
Linear-by-Linear Association	9.332	1	.002
N of Valid Cases	120		

a. 3 cells (30.0%) have expected count less than 5. The minimum expected count is 2.16.

RESULT

As per the above table, it is inferred that the P value is 0.000; it is not significant to 5% (0.05) significant level. The minimum expected count is 2.16. Thus alternative hypothesis is accepted and it is found that there is some significant relationship between the gender of the respondents and the pricing strategy of the company provides good value for the money spent.

SUGGESTIONS

- Improve digital marketing and e-commerce platforms.
- Offer region-specific promotions.
- Enhance dealer training and product education.
- Develop loyalty programs for frequent buyers.
- Streamline pricing across all sales channels.
- Implement a mobile app for customer engagement and dealer support.
- Customize marketing content based on age and profession.
- Use WhatsApp and regional social media for hyperlocal marketing campaigns.
- Introduce trial-size products or sample kits to encourage first-time purchases.

CONCLUSION

The study concluded that Kansai Nerolac Paints has successfully implemented effective market penetration strategies in the Hosur region. The company's efforts in maintaining product quality, expanding distribution channels, and customer engagement have positively impacted brand awareness and loyalty. However, there remains scope for improvement, particularly in areas such as consistent pricing, enhancing online visibility, and strengthening promotional activities to better connect with a broader customer base.

As India rapidly advances toward smart cities and a digitally integrated economy, it is crucial for Kansai Nerolac to adapt technology-driven penetration strategies. Incorporating AI-based customer analytics, improving e-commerce platforms, and expanding rural market outreach will be essential to sustain and grow their competitive advantage. By embracing innovation and digital transformation, Kansai Nerolac can further solidify its market position and capitalize on emerging opportunities in the evolving marketplace.

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