

ZWICK ROELL



Background

Zwick Roell Group is one of the leading manufacturers of static and dynamic materials testing systems worldwide. The Zwick Roell Group has manufacturing facilities in Ulm, Germany, France and UK. It has its offices in US and Singapore in addition to European offices. In 2004 the group had revenues of US\$ 119.78 million (Euro 96.6 million) and around 700 staff in its global operations. The group is represented by sales offices and service facilities in more than 55 countries.

Zwick products are sold in India for over 35 years now. Initially they were sold through Bluestar. The company set up its own subsidiary in 1996-97 but it was not as successful as expected. Later in 2003 the company re-entered India as Zwick Roell Testing Machines Pvt Ltd, a 51:49. The operations started in 2004. It has 4 offices in Chennai, Delhi, Hyderabad and Pune.

Joint venture partner provided local understanding

In the initial few years (1996-2001) the experience in India was below Zwick's expectations. Even though the market acceptance was good the company was not making profits. This was primarily due to the lack of understanding of the Indian business conditions. Post joint venture with Indian partner performance has improved. In the last two and a half years, the company has grown by more than 200 per cent. Today company enjoys a market share of 12-13 per cent. India is the 3rd largest revenue earner in Asia after China and Korea and is

expected to become the 3rd largest market for Zwick worldwide after Germany and China in the next 5-10 years. The Indian operation also caters to the needs of SAARC countries.

Keys to success

The company's products have a good acceptance in India and there has been a lot of positive 'word of mouth' from satisfied customers. The company has also been judicious in its customer and market selection. It has tried to avoid direct competition with the big competitors in the industry. This has



helped the company to grow faster and now is in a position to take on competition.

The move to enter the market as a joint venture brought in a perspective on Indian business dynamics. The Indian partner takes care of the regulatory and day to day operations whereas the German company brings in technology expertise, higher standards and best practices.

Future plans

Over the next 2-3 years, the company aims to grow annually by at least 2-3 times the growth rate of Indian industry. Assuming during this time period the industry growth is between 8-9 per cent the company expects to grow by 20-25 per cent. The company also plans to open a new office in Jamshedpur to increase its reach to the customers.

Zwick Roell: At a glance

- *For Zwick Roell, India is: A key growth market. It is the 3rd largest revenue provider in Asia.*
- *Factors for success: Good market acceptance, Joint venture and judicious market selection*
- *Future plans: Consolidation, 25 per cent annual growth for the next 2-3 years, open a new office in Jamshedpur.*