

Marketing and Sales of Industrial Products to The Footwear Industry

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Abstract— Footwear production, accounting for approximately 10% of the global yearly production, makes India the second largest producer of footwear in the world. As per market analysts 2.1 billion pairs of footwear are annually produced in India out of which 90% are consumed internally and remaining are exported to European countries such as United Kingdom, France, Italy, Germany and USA.

The Objective of this report is to study and analyze Promotion and sales methodology used by OCAP India Pvt. Ltd. for selling industrial chemicals to the Indian Footwear Industry. It also aims at critically examining the pricing and distribution strategy adopted the organization.

A sincere effort has been made to analyze each and every strength, weakness, opportunity and threat faced by the organization; and to give suitable recommendations that might help the organization to counter its weakness and threats and improve its performance.

I INTRODUCTION

OCAP (India) Pvt. Ltd is a company registered under the Indian Companies Act, 1956.

The company is engaged for over two decades in procuring industrial chemicals (mainly oleo chemicals) from domestic sources, on exclusive basis, and then selling them in bulk and in small to different categories of customers from various industries including cosmetics, pharmaceuticals, polymers (rubber / plastic/ PVC), metal polishes, paints, and footwear. It consists of a team of professionals with long experience and expertise.

Although our headquarters is in New Delhi (North India), the organization has tie up arrangements with its dedicated associates in the other regions – West, East and South.

OCAP also represent various leading foreign companies marketing their products as their distributors in India. Though the focus has primarily been the Footwear industry, the organization has intimate contacts in various other industries and can cater to their requirements of raw materials.

II OBJECTIVES OF STUDY

The primary objective of this study is to analyze the various marketing and sales techniques used by OCAP India Pvt. Ltd. to cater to the Indian Footwear Industry. The recommendations of this research can be used to adopt and substantiate a suitable marketing strategy. From the primary objectives, the following secondary objectives of this research can be derived:

- To understand the evaluate sales and marketing techniques used by OCAP for the Footwear Industry.
- To identify and analyze strengths, weaknesses opportunities and threats of the organization.
- To provide recommendations that the organization may adopt to improve its marketing and sales strategy.

III LITERATURE REVIEW

In his research paper “development Perspectives of Indian Footwear” (1986), Mr. Rafeeq Ahmed highlighted the importance and potential of Indian footwear industry for exports. The need for brand name popularization, strengthening of training facilities and improving links between educational institutes and footwear industry were also highlighted by him in his research. Special importance was given to the services of experts from developed countries that trained local artisans and enabled them to work on high tech machinery.

PadminiSwaminath (1996) explained in her paper “Development experiences: Gender Prospective on Industrial growth” how there is no coordination between industry and labor in the industrial development in India. She also emphasized that state interventions need to be transformed into strategic gender needs.

An attempt to analyze the smaller leather footwear units in Delhi was made by Dhar P.N. in his research in 1958. He found that only 30 percent of small footwear units had substantial finance and marketing outlets.

Sundaram Shobha and Rao sheshagiri K (1996) used their article “ Changes and continuity in women’s employment in footwear industry” to make a detailed analysis on social background of women workers and the factors that are responsible for migration. Circumstances behind entry of women into footwear industry were also brought out in this research.

Another eminent scholar, Knorringer Peter, studied a case of the Agra footwear Industry in 1996. He emphasized on using trust and professional collaboration between small scale enterprises as a method to improve vertical economic relations. He highlighted various problems such as lack of rigorous enforcement of property rights and caste based conflicts between employer and employees.

RuchiraGanguly (1987) provided an account of economic changes that took place in a small artisan community that lived in a small town. In her study she dealt with socio economic aspects of workers on footwear industry.

Another study conducted by Parmeshware s. in 1990 stresses on how development agencies impact the lives of cobblers and workers in footwear industry.

Lakshman T.K. conducted a research in 1996. He found that economic conditions of workers have remained the same over a long period. The industry has not been able to provide whole time employment to all the workers.

As very few studies are made considering the problems faced by raw material suppliers of footwear industry, this research will mainly focus on studying various challenges faced by suppliers in selling and marketing industrial chemicals to the footwear industry.

IV RESAERCH METHODOLOGY

Research can be defined as a systematized effort to gain knowledge. The methodology adopted for research is the most important part of these studies. The main aim of this research was to increase knowledge and to learn new things by personally getting involved in work environment. Types of research methods used during internship are elucidated below:

Basic Research: A basic research was conducted in the orientation phase of internship. The main aim of this research was to increase knowledge and information about the products offered and procedures followed in the organization

Qualitative Research: Qualitative research was conducted for collecting, analyzing and interpreting data by observing what people do and say. The organizations marketing strategy and processes were studied in detail and a SWOT analysis was conducted. Recommendations and suggestions were also provided which can be used by the organization to revive its sales.

V OBSERVATIONS AND INTERPRETATION

Products Offered By Ocap:

OCAP provides three products to the Footwear Industry that are used as additives for manufacturing shoe soles.

- **Unicell-Fw (Adcl):** Unicell-FW is a super fine ADCL based blowing agent that is used as an additive in PVC

and EVA shoe soles. Unicell comes in a powder form facilitates expansion and foaming of the shoe sole. It is packed in corrugated cartons (25 kg per box).

- **Microshere-Ms197d:** Microsphere Blowing agent, it is an additive used for manufacturing footwear, which facilitates reduction of Bulk Density of the shoe by reducing its weight. Apart from PVC footwear this product is also applied in cable manufacturing. It is usually packed fiber drums (50kgs per drum).
- **Cpe Resin (Cm352):** CPE CM352 is an additive, which is used to reduce the dosage of plasticizers such as DOP. In other words, it increases the efficiency of plasticizers. It also facilitates in increasing service life of finished products. It is usually packed in PP bags (25 kg per bag). Its features include low temperature, fine weather resistance, deflection and fire resistance.

Promotion Techniques Used By OCAP:

OCAP uses various techniques to promote its products, which have been elucidated below:

- **Brochures/ Pamphlets:** Like any other B2B organization, OCAP uses customized brochures to inform customers about its products and persuade them to make purchases. These brochures are customized as per the needs of targeted customers and contain detailed information about products and their chemical composition.
- **Exhibitions:** OCAP participates in all footwear exhibitions organized across the country. As per the senior sales representatives exhibitions have proven to be the most effective promotion technique for them. Although the cost of setting up a booth and managing it for a few days turns out to be on a higher side, the results achieved make all the efforts worthwhile.
- **Sales Representatives:** OCAP believes that the most effective way of persuading customers to buy its products is by personally meeting them and doing so. Sales representatives with industry experience meet the customers personally which enables them to form connections and gain their confidence.
- **Distributing Samples:** Another technique used by the organization is to distribute samples. Customers don't believe in the quality and results of a product until they try it themselves. This makes distribution of samples necessary.
- **Calendars and Planners:** Like other organizations OCAP gets calendars and daily planners printed with its logo and contact details, which are then distributed among existing and prospective customers. This technique is being used for more than a decade and still gives tremendous results.
- **Magazines:** OCAP regularly advertises in major footwear and chemical magazines such as Chemical Weekly to inform customers about its products and persuade them to

buy them. Advertisement through magazines accounts for the biggest Share In OCAP's Promotion Budget.

- *E-Mails/ Text Messages:* OCAP has a dedicated team that promotes its products through text messages and emails. This method is useful not only for taking feedback back and following up with customers, but also for attracting new customers. This technique has proven to be the second best for promotions after magazine advertisements.
- *Tele Calling:* Tele-calling is another technique used for promotion of products. This method is usually used to follow up with customers, but it has also enabled OCAP to reach out to customers who work with traditional methods.

Pricing Strategy of OCAP:

Pricing strategy is one of the most important decisions as it defines an organizations short term and long term goals. Pricing strategy adopted by OCAP is explained below.

- *Premium Pricing:* OCAP has set its prices much higher than competitors. This is because the products it offers are a result of intense research and development carried out by the principal suppliers. OCAP has worked hard to create a value perception due to which customers are ready to higher prices for its products. It is surprising that this strategy still works as it is usually used only in early days of a product's life cycle and it is ideal only for small businesses that sell unique products.
- *Price Skimming:* OCAP has adopted price-skimming strategy that allows it to maximize sales. It involves setting high rates in the introductory phase of product life cycle to skim profits and reducing the price gradually as competition increases. This strategy allows an organization to hit two targets in one shot. By charging high prices initially, huge profits can be made. And by reducing the prices at a later stage profit levels can be maintained by targeting price sensitive customers.

Distribution Strategy Of OCAP:

- *Direct Channel:* OCAP uses direct channel of distribution for footwear industry. It imports the material from China and Korea, which are stored in two warehouses situated Delhi and Haryana. The material is then transported directly to the customers through rail and road transport.
- *Indirect Channel:* Although it uses a direct channel, OCAP itself is a part on an indirect channel. This is because it acts as an industrial distributor or intermediary for the principal companies from which the material is bought. The organization is an exclusive agent of Hangzhou Keli and DongjinSemichem in India

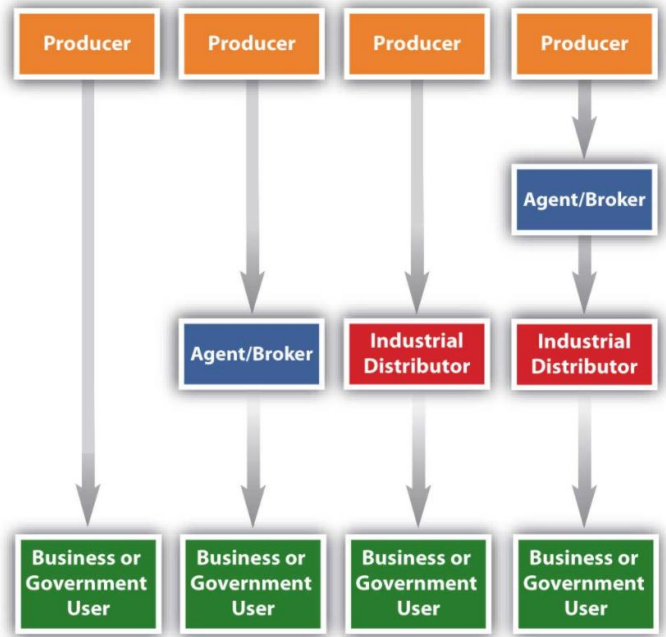


Figure 1: Distribution Strategy

Table 1: SWOT Analysis

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> > Distributor of Dongjin Semichem and Hangzhou Keli in India. > Experienced and motivated employees. > Less competition. > Wide customer base across North and West India. 	<ul style="list-style-type: none"> > Weak distribution network in South and East India. > High promotion and procurement costs. > High working capital requirement.
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> > Growing footwear industry in India. > Opportunity to meet new customers in India International Footwear Exhibition. > Streamlining of formalities and legalities due to GST. 	<ul style="list-style-type: none"> > Cut throat competition in Future. > Maturity phase in product life cycle. > Hindering credit terms of customers. > Increase in price due to GST.

VI RESULTS AND DISCUSSION

Through detailed analysis and interpretation the following was deciphered about Indian Footwear Industry and Marketing & Sales strategies of OCAP:

- India is the world's second largest and the fastest growing producer and exporter of footwear accounting for approximately 10% of global yearly production.
- Despite of being the second largest producer of footwear there are no manufacturers on that produce good quality additives such as foaming agents and impact modifiers. OCAP has taken full advantage of this situation by entering into exclusive distributorship agreements with world's leading producers of such additives.
- OCAP uses Premium Pricing and Price Skimming strategies to get first movers' advantage and maximize sales in this sector.

AND ENGINEERING TRENDS

- An aggressive promotional strategy has been adopted by the organization, which includes promotions through brochures, exhibitions, samples, magazines and mail advertising.
- The only place where OCAP seems to lag is in its distribution strategy. The organization has been able to attract customers throughout India but its inability to cater to customers from south and east India is a weakness that needs to be worked on.
- Due to the after effect of Demonetization and upcoming GST tax reforms OCAP has to depend upon credit sales which has increased its working capital requirement. And as all the material is imported, high procurement costs add to the burden.
- Other threats that the organization is facing include a price increase due to GST and maturity phase in the product cycle.
- The organization is also bidding high on the India International Footwear Exhibition, for widening its customer base.
- OCAP should give special attention its distribution strategy. Due to its inability to deliver to customers in South India it is losing out on huge sales volumes.
- Secondly, OCAP should maintain a strict policy for credit sales as the current arrangement involves a large working capital investment.
- The organization should carry on with its pricing strategy as it is the best way to maintain and increase customer base and churn out profits.
- Lastly, OCAP should also give as much attention to small manufacturers as it gives to big producers. There are numerous manufacturers that make footwear seasonally and in small amounts. If these manufacturers can be tapped then the organization's customer base would increase significantly.

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VII CONCLUSION AND RECOMMENDATIONS

Findings and analysis of the case study show clearly that OCAP's marketing and sales strategy is well defined and that it has proven to be beneficial for the organization. The product mix and pricing strategy perfectly complement each other. Its exclusive agency contracts and expertise in footwear products has proven to be a boon as they enable the organization to exploit the market to a large extent. Its promotion strategy is also spot on and successfully attracts a large number of customers effectively.

Though very well defined, the marketing strategy used by OCAP has its limitations and pitfalls. The distribution network is not as solid in the south as it is in the east and the organization is still struggling to counter the GST tax reform. Moreover, the products have reached the maturity phase in their lifecycles, which act as additional burden for the firm. Lastly, as an after effect of demonetization, working capital requirements have significantly increased, as the organization has to sell its material on credit.

However, the above-mentioned limitations and pitfalls can easily be countered by adopting some measures recommended in the next section of the report. Overall, the pros of OCAP's marketing and sales strategy clearly outweigh its cons. With a few slight changes the organization can easily revive its sales.

After a detailed discussion and analysis of OCAP's marketing and sales strategies, the following recommendations can be given: