Chapter - 1

LEATHER FOOTWEAR MARKETING - INTRODUCTION
1.1 SERVICE INDUSTRY:-

Indian economy, traditionally an agrarian economy, is undergoing structural change with an increasing emphasis on service economy. Today the service sector dominates the Indian Economy contributing half of the national income. The share of agricultural sector constituted over 50% of the GDP (Gross Domestic Product) in 1960, has now come down to 24% in the year 2001. There is a substantial increase in the manufacturing sector with 27% contribution in the year 2001. The portion of service sector contribution to GDP is an indication that future of India's GDP growth will be influenced by the service sector. In the year 2001, the contribution of service sector constitutes 48% of the GDP.

The services sector has been at the forefront of the rapid growth of the Indian economy, contributing nearly 63 per cent of the GDP in 2007-08. The sector has come to play an increasingly dominant role in the economy accounting for 59.6 per cent of the overall average growth in GDP in the last eight years between 2000-01 and 2007-08.

As per the Central Statistical Organisation, the services sector has continued to grow in the first quarter of 2009-10.

- Trade, hotels, transport and communication grew 6.1 per cent in April-June 2009 from a year earlier.
Financing, insurance, real estate and business services grew at 7.8 per cent in April-June, 2009 from a year earlier.

**Indicators:-**

Lead indicators suggest that the pace of expansion in the services sector activity is likely to be sustained even in the next financial year.

- Foreign tourist arrivals (FTAs) during January to August 2009 were 3.26 million.

- Railways freight traffic increased to 833.03 million tonnes during fiscal 2008-09 from 794.21 million tonnes carried during 2007-08, an increase of 4.89 per cent.

- Approximately 14.25 million telephone connections, including wire line and wireless, were added during July 2009, taking the total number of telephone connections at the end of July 2009 to 479.07 million.

- Cargo handled at major ports during April-December 2008-09 has been 391.80 MT as against 378.82 MT in the corresponding period last fiscal.

The prospects for growth in the Indian services sector over the next year continues to be robust, according to a survey by KPMG, conducted across the BRIC (Brazil, Russia, India and China) countries in spring 2009. The survey revealed that 31.3 per cent Indian companies saw their activity levels improving. Around 37 per cent forecast new order growth in one year’s time, compared with 16 per cent that anticipate a fall. Even capital expenditure at Indian services firms is anticipated to rise in the year
ahead, with 43 per cent of companies saying they plan to increase spending on fixed assets. Revenues are expected to grow by 31.1 per cent of firms, while 32.5 per cent believe their profits will increase.

According to research firm IDC, the overall India data centre services market crossed the US$ 1 billion mark in 2007 and was expected to grow at a CAGR of 18 per cent to touch US$ 1.52 billion by end of 2009. Total cumulative data centre built-up area is likely to touch nearly 8.4 million sq. feet by end of 2009. Third party data centre services market slated to grow at 27 per cent CAGR (2007-2012); to become a nearly US$ 0.5 billion industry by 2012.

According to a global investment banking report, Indian law firms have beat the world’s biggest to emerge top legal advisors to global project deals. In the first half of 2009 India closed 36 projects valued at US$ 31.9 billion an increase of 158 per cent over the same period last year.

Service sector is one of the fastest growing sectors with an annual growth rate of 8% per year. The response to liberalisation after 1990-1991 crisis is probably more in service sector because of lower fixed investment. Moreover, technological invasion made India to compete globally in the areas of information services & software development. India leads the world in BPO services as per the latest reports mentioned in various magazines. Disinvestment, growth of private investment also played an important role in the growth of the service sector.
The growing importance of service sector can be acknowledged by growing opportunities of employment. With best jobs, best incomes and best talents now the service sector is the show case of the Indian economy.

Table 1.1 Sectors attracting highest FDI flows. (Rs. in Crores)

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<tr>
<td>Services</td>
<td>26589.3</td>
<td>28410.7</td>
<td>6.9</td>
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<tr>
<td>Housing &amp; rental</td>
<td>8749.3</td>
<td>12621.2</td>
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<tr>
<td>Telecommunications</td>
<td>5102.6</td>
<td>11726.9</td>
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<td>6989.3</td>
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<tr>
<td>Computer hardware &amp; software</td>
<td>5626.3</td>
<td>7328.5</td>
<td>30.3</td>
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<tr>
<td>Automobiles</td>
<td>2697.0</td>
<td>5211.7</td>
<td>93.2</td>
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<tr>
<td>Power</td>
<td>3877.5</td>
<td>4381.8</td>
<td>13.0</td>
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<tr>
<td>Metallurgical industries</td>
<td>4686.0</td>
<td>4156.7</td>
<td>-11.3</td>
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<tr>
<td>Information &amp; broadcasting</td>
<td>1290.3</td>
<td>3492.4</td>
<td>170.7</td>
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<tr>
<td>Chemicals (except)fertilisers</td>
<td>917.6</td>
<td>3427.1</td>
<td>273.5</td>
</tr>
<tr>
<td>Grand total all FDI equity flows</td>
<td>98664</td>
<td>122919</td>
<td>24.6</td>
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Source: Department of Industrial Policy and Promotion
The above discussion portrays the spectrum of importance of services in the nation's economic growth. Multi-dimensional developments in the information technology activated & energised by the developed countries have made ways for sophistication of services. The globalisation & liberalisation paved the way for development of services providers. As a result the intensity of competition across the world is, moving upward. At this juncture, service providers should make sincere efforts to make them stronger to survive & thrive.

Against this backdrop it is imperative to speak about the marketing of services. In the present scenario, it is not possible to keep ourselves isolated.

1.2 DEFINITION OF PRODUCT:-

The product is defined as a “thing produced by labour or effort” ³ or the “result of an act or a process”⁴. Since 1575, the word "product" has referred to anything produced ⁵. Since 1695 the word has referred to “thing or things produced”. The economic or commercial meaning of product was first used by political economist Adam Smith ⁶. In marketing, a product is anything that can be offered to a market that might satisfy a want or need ⁷. In retailing, products are called merchandise. In manufacturing, products are purchased as raw materials and sold. In general usage, product may refer to a single item or unit, a group of equivalent products, a grouping of goods or services, or an industrial classification for the goods or services.
Product numbers in many businesses clearly identify the product by linking to a full description. Product identification codes such as Universal Product Code, Global Trade item Number and International Standard Book number allow multiple businesses to use a single product identification code to indicate one unit of a mass-produced product.

**Tangible and Intangible Products:**

Products can be classified as tangible or intangible. Thus, Theodore Levitt suggested that "instead of talking of 'goods' and of 'services', it is better to talk of "tangibles" and "intangibles".

A tangible product is any physical product like a computer, automobile, etc; an intangible product is a non-physical product like an insurance policy. In its online product catalogue, Sears, Roebuck and Company divides its products into departments, and then presents products to shoppers according to function or brand.

**1.3 CLASSIFICATION OF PRODUCTS:**

To ensure products are classified correctly and uniformly, GDSN (Global Data Synchronization Network) uses GS1 Global Product Classification (GPC), a system that gives buyers and sellers a common language for grouping products in the same way, everywhere in the world. Sellers and buyers need to group products the same way globally to ensure effective data synchronization in the GDSN, to enable
product search, view and validation, as well as publication and subscription match. Only products classified according to GPC will be registered in the GS1. This improves the GDSN's data accuracy and integrity, speeds up the supply chain's ability to react to consumer needs, and contributes to breaking down language barriers.

GPC is a rules-based, four-tier classification system for grouping products. The four tiers are Segment, Family, Class, and Brick (with attributes). A Brick identifies a category incorporating products Global Trade Item Numbers (GTIN's) that serve a common purpose are of a similar form and material, and share the same set of category attributes. The foundation of GPC is called a "Brick;" GPC bricks define categories of similar products. Using the GPC brick as part of GDSN ensures the correct recognition of the product category across the extended supply chain, from seller to buyer. Bricks can be further characterised by Brick Attributes.
Figure 1.1: Classification systems for grouping products

GPC is already available for a wide range of categories - and is growing all the time. As of July 2005, the GS1 GPC standard includes: Food, Beverage, Tobacco, Home care, Pet care, Pet food, Baby care, Beauty Personal care, Clothing, Footwear, personal Accessories, Cross Category, General Merchandise, Hard lines, Automotive Aftermarket, Home Appliances.
MARKETS MARKETING:-

Marketing:

Marketing is an integrated communications-based process through which individuals and communities discover that existing and newly-identified needs and wants may be satisfied by the products and services of others. Marketing is defined by the American Marketing Association as the activity, set of institutions, and processes for creating, communicating, delivering and exchanging offerings that have value for customers, clients, partners and society at large.

The Chartered Institute of Marketing defined marketing as "The management process responsible for identifying, anticipating and satisfying customer requirements profitably." Marketing practice tended to be seen as a creative industry in the past, which included advertising distribution and selling. However, because marketing makes extensive use of social sciences, psychology, sociology, mathematics, economics, anthropology and neuroscience the profession is now widely recognised as a science, allowing numerous universities to offer Master of Science programme.

The overall process starts with marketing research and goes through market segmentation business planning and execution, ending with pre and post-sales promotional activities. It is also related to many of the creative arts. The marketing
literature is also infamous for re-inventing itself and its vocabulary according to the times and the culture. Seen from a systems point of view, sales process engineering views marketing as a set of processes that are inter connected and interdependent with other functions whose methods can be improved using a variety of relatively new approaches.

Products Marketing:-

The developed and developing countries assumed significant growth in the products marketing during the last decade. Services sector encompasses the manufacturing sector with the boom in the information technology and software development. The multi dimensional developments in the retail sector and mounting competition generated by the well established multinational corporations laid a strong foundation for the application of modern marketing principles in the retail outlets.

Products’ marketing focuses on selling the product in the best interest of the users/customers with fair synchronisation of the interests of the providers and users. Marketers should recognise that the customers or prospective customer’s evaluation of service is often based on multiplicity of impressions that are not confused to the performance of the core service. An important task for marketers is to understand how customers actually perceive all the different elements. Synchronisation of marketer’s perception and customer’s of the products is crucial to the success of
business. It is not enough to give good product line; the customer must perceive the fact that he/she is getting quality product.

1.5 PRODUCTS MARKETING MIX:-

Product marketing mix deals with the first of the “4P’s” of marketing, which are Product, Pricing, Place and Promotion. Product marketing, as opposed to product management, deals with more outbound marketing tasks. A product market is something that is referred to when pitching a new product to the general public. The people you are trying to make your product appeal to be are your consumer market. In the early 1960's, Professor Neil Borden at Harvard Business School identified a number of company performance actions that can influence the consumer decision to purchase goods or services. Borden suggested that all those actions of the company represented a Marketing Mix. Professor E. Jerome McCarthy at the Michigan State University in the early 1960's suggested that the Marketing Mix contained four elements: Product, Price, Place and Promotion.

- **Product:-**

   The product aspects of marketing deal with the specifications of the actual goods or services, and how it relates to the end-users needs and wants. The scope of a product generally includes supporting elements such as warranties, guarantees and support.
Pricing:-

This refers to the process of setting a price for a product, including discounts. The price need not be monetary; it can simply be what is exchanged for the product or services, e.g. time, energy or attention. Methods of setting prices optimally are in the domain of pricing services.

Placement (or Distribution):-

This refers to how the product gets to the customer; for example, point-of-sale placement or retailing. This third P has also been called Place, referring to the channel by which a product or service is sold (e.g.: online vs. retail), which geographic region or industry, to which segment (young adults, families, business people), etc; also referring to how the environment in which the product is sold in can affect sales.

Promotion:-

This includes advertising, sales promotion, including promotional education, publicity, and personal selling. Branding refers to the various methods of promoting the product, brand, or company.

These four elements are often referred to as the marketing mix 17 which a marketer can use to craft a marketing plan.
The four Ps model is the most useful when marketing the low value consumer products. Industrial products, services, high value consumer products require adjustments to this model. Industrial or B2B marketing must account for the long term contractual agreements that are typical in supply chain transactions. Relationship marketing attempts to do this by looking at marketing from a long term relationship perspective rather than individual transactions. As a counter to this, Morgan, in Riding the waves of Change (Jossey-Bass, 1988), suggests that one of the greatest limitations of the 4 Ps approach “is that it unconsciously emphasizes the inside-out view (looking
from the company outwards), whereas the essence of marketing should be the outside-in approach”.

There have been attempts to develop an “extended marketing mix” to better accommodate specific aspects of marketing. For example, in the 1970’s Nickels and Jolson suggested the inclusion of packaging. In the 1980’s Kotler proposed public opinion and political power and Booms and Bitner included three additional P’s to accommodate trends towards a service or knowledge based economy.

 tô People: -

All people who directly or indirectly influence the perceived value of the product or service, including knowledge workers, employees, management and consumers.

 tô Process: -

Procedures, mechanisms and flow of activities which lead to an exchange of value.

 tô Physical evidence: -

The direct sensory experience of a product or service that allows a customer to measure whether he or she has received value. Examples might include the way a customer is treated by a staff member, or the length of time a customer has to wait, or a
cover letter from an insurance company, or the environment in which a product or service is delivered 18.

1.6 PRODUCTS QUALITY:

If a product fulfils the customer’s expectations, the customer will be pleased and consider that the product is of acceptable or even high quality. If his or her expectations are not fulfilled, the customer will consider that the product is of low quality. This means that the quality of a product may be defined as “its ability to fulfil the customer’s needs and expectations. Quality needs to be defined firstly in terms of parameters or characteristics, which vary from product to product. For example, for a mechanical or electronic product these are performance, reliability, safety and appearance 19.

Early work in controlling product quality was on creating standards for producing acceptable products. By the mid-1950s, mature methods had evolved for controlling quality, including statistical quality control and statistical process control, utilising sequential sampling techniques for tracking the mean and variance in process performance. During the 1960s, these methods and techniques were extended to the service industry. During 1960-1980, there was a major shift in world markets, with the position of the United States declining while Japan and Europe experienced substantial growth in international markets. Consumers became more conscious of the cost and quality of products and services. Firms began to focus on total production systems for
achieving quality at minimum cost. This trend has continued, and today the goals of quality control are largely driven by consumer concerns and preferences.

There are three views for describing the overall quality of a product. First, is the view of the manufacturer, who is primarily concerned with the design, engineering, and manufacturing processes involved in fabricating the product. Quality is measured by the degree of conformance to predetermined specifications and standards, and deviations from these standards can lead to poor quality and low reliability. Efforts for quality improvement are aimed at eliminating defects (components and subsystems that are out of conformance), the need for scrap and rework, and hence overall reductions in production costs. Second, is the view of the consumer or user? To consumers, a high-quality product is one that well satisfies their preferences and expectations. This consideration can include a number of characteristics, some of which contribute little or nothing to the functionality of the product but are significant in providing customer satisfaction. A third view relating to quality is to consider the product itself as a system and to incorporate those characteristics that pertain directly to the operation and functionality of the product. This approach should include overlap of the manufacturer and customer views.

Concurrent engineering, quality function deployment, and Total quality management (TQM) are modern management approaches for improving quality through effective planning and integration of design, manufacturing and materials
management functions throughout an organisation. Quality improvement programs typically include goals for reducing warranty claims and associated costs because warranty data directly or indirectly impact most of the product quality dimensions.

1.7 MARKETING ORIENTATION OF A FIRM:-

A marketing oriented firm (also called the marketing concept, or consumer focus) is one that allows the wants and needs of customers and potential customers to drive all the firm's strategic decisions. The firm's corporate culture is systematically committed to creating customer value. In order to determine customer wants, the company usually needs to conduct marketing research. The marketer expects that this process, if done correctly, will provide the company with a sustainable competitive advantage. This consumer focus can be seen as a process that involves three steps. First customer wants are researched, then the information is disseminated throughout the firm and products are developed, then finally customer satisfaction is monitored and adjustments are made if necessary 20.

A marketing oriented firm will typically show the following characteristics:

a) Extensive use of marketing research

b) Broad product lines,

c) Emphasis on a product's benefits to customers rather than on product attributes,
d) Use of product innovation techniques,

e) The offering of ancillary services like credit availability, delivery, installation, and warranty.

The concept of marketing orientation was developed in the late 1960s and early 1970s at Harvard University and at a handful of forward thinking companies. It replaced the previous sales orientation that was prevalent between the mid 1950s and the early 1970s, and the production orientation that predominated prior to the mid 1950s. Conventional marketing wisdom holds that a market orientation provides a company with a better understanding of its customers, competitors, and environment, which subsequently leads to superior firm performance.

For over four decades, market-oriented corporate strategy has been recognised as a pillar of superior company performance by both academics and practitioners 21. Market orientation in both manufacturing and service industries has attracted a significant amount of academic and practitioner interest in the current marketing literature (Han, Kim, and Srivastava 1998; Day 1994; Kohli and Jaworski 1990). Implementation of the marketing concept characterises a firm's intentions to deliver superior value to its customers on a continuous basis (Slater and Narver 1994). Market orientation refers to the organisation-wide generation of market intelligence through decision support systems, marketing information systems, marketing research efforts, dissemination of the intelligence across company departments, and...
organization-wide responsiveness to the changes taking place in the environment (Kohli and Jaworski 1990).

There is a large body of literature dedicated to studying whether marketing orientation results in superior organisational performance. Some studies have verified a strong link between marketing orientation and performance (Matsuno, Mentzer, and Ozsomer 2002; Greenley 1995; Ghosh et al. 1994; Speed and Smith 1993), while other studies did not support a direct positive relationship between performance and market orientation (Han, Kim, and Srivastava 1998; Jaworski and Kohli 1993) 22.

1.8 LEATHER FOOTWEAR MARKETING: AN OVERVIEW:-

The first and the foremost problem is the non availability of quantity of leather at economic prices. The leather exporters are not interested to sell their leather to the internal leather goods manufacturers because they get a better price in the export market. The leather goods manufacturers cannot afford to pay high prices because their cost of production will become too high and they may not be in a position to compete in the world market. The main competitors of India are china and South Korea as they produce very attractive goods at cheaper rates 23.

The demand for the products continues an uptrend, but more in the footwear area of special interest to your fashion. The demand for Indian foot wear is also looking up, especially the medium price variety 24.
SAME (Strengthening, Augmentation, Modernization and Expansion) for Indian footwear industry 39th LERIG - 2005:-

The focus was on footwear sector. This year’s topics were Strengthening, Augmentation, Modernisation and Expansion for Indian footwear Industry. There cannot be a more apt topic, because the Indian leather Industry is poised for a big leap forward, particularly in the footwear sector.

On the first session held on 27th January at FDDI Noida, the leading industrialists from the Northern region, where a large number of footwear units are located had a close interaction with the organisers and the FDDI authorities and exchanged views on the ways and means to achieve results and bettering their performance.

Mr. Rafeeq Ahmed Chairman of CLE (council for leather exports) stressed on the need for the footwear and textile apparel industry to adopt similar approach for catering to domestic and export markets. During the Inauguration the speakers stressed on the growing domestic market for the footwear industry. The increasing purchasing power and the fashion conscious preference of the youth, growing quality preference fashion and brand image insistence were also emphasised.

The footwear Industry is an important driver in the economy and is a significant segment of the leather industry. It encompasses leather and non leather footwear for men, ladies and children. The industry is labour intensive and has been
concentrated in the small and cottage industry sectors but it is undergoing a significant augmentation and is transforming itself into a modern, quality conscious and reliable global sourcing but for niche fashion foot wear \textsuperscript{25}.

While footwear has emerged as a basic consumer product needed by the human population all over the world, manufacturing activity of footwear is currently not global. Some countries have seen more advantageous destinations for manufacturing of footwear than others. In view of the emerging global trends towards manufacturing of footwear in low cost countries for global consumption for reasons of economy of scale and cost control measures, mass prevention in organised sectors appear to be the current trend. Retail productivity and merchandising require strengthening as the market is gradually maturing. The domestic retail has remained strong but unorganised. One of the biggest handicaps of the foot wear Industry is the weakness of the components sector. This handicap is even more serious for the footwear industries dealing in the ladies and non leather footwear sector.

**Overcoming perceived weakness suggested steps:**

1. **Mismatched size and inadequate infrastructure:** An area of perceived weakness of Indian footwear industry includes:

   (a) Inadequate back up support for footwear components

   (b) Absence of country brand image in footwear sector
(c) Poor system development and integration and weak management practice in footwear units.

(d) Low launch of investment capacities.

(2) Footwear component Industry: Strengthening:

Urgent efforts are required to qualitatively and quantitatively upgrade Indian footwear components Industry.

(3) Right Sizing of Production units:

It is necessary to attract large domestic and overseas investment into the footwear and footwear components industries and the right size production units to meet the challenges of WTO regime.

(4) Market Initiatives and policy back up support:

Market initiative with policy back up support is needed to increase system productivities and strengthen management support.

Modernisation of the Indian footwear Industry: Reforms and thrust areas:

In the 21st century the driving parameters for the footwear industry have changed. The strength areas are:

(a) Development of Indian component Industry:

This is crucial to the growth of the Indian footwear Industry. For this, an action plan must be drawn specific to each component outlining the need of the particular component Industry rather than a generic plan.
(b) **Non Leather Sector:**

It is to be treated as an extreme focus area within the footwear segment. This indicates the market requirement already existing in the country. The strengthening of this sector should be treated as the priority area.

(c) **Policy Measures:**

To provide expansion of the capacity within this country need to be initiated and for growth the reverse engineering mode can be preferred.

(d) **Key reforms in the area of inventory management and act sourcing require urgent attention.**

(e) Development of special zones for the footwear exports with integrated infrastructure.

(f) Development of the SME sector as reliable supplier of small and medium orders for the bigger companies.

(g) **Technological up gradation on work methods and technical inputs:**

During the first and second phase of the NLDP intervention along with institutions like CLRI and FDDI, common facility centres in most of the clusters have been established. The centres would help the artisan and local industries to develop strongly in the areas of product development and quality improvement.
(h) Technology up gradation of the small industry:

Since the most of the SME's source the material through small tanning industries, the micro level development of the tanning through technological and subsidised interest rate will greatly help to increase the value of addition of the product.

(i) Establishment of the non leather park:

In case of the leather industry, clusters are already established, whereas in the non leather segments it is only limited to Mumbai and New Delhi. This has also become necessary since their growth rate in the footwear sector is expected to be 5% in the domestic market.

(j) Footwear Mission with public and private partnership:

A footwear Mission is required to improve the quality of the capacity and size, match the scale of production of units to gain global competitiveness. This is feasible only by commissioning a footwear mission. Gross root level changes in decentralised sector in footwear production would need a Government led initiative. Footwear mission should include shelves which support modernisation and strengthening of SME segment of footwear and footwear component Industry.

**Needed growth promoters for expansion of Indian footwear industry are:**

- Establishment of footwear industry modernisation fund with public private participation to attract an investment of about Rs. 5300 crores by 2008.
Launch a footwear Mission.

Creation of a sector specific investment friendly climate for footwear industry.

Policy support for promoting the integration of decentralised and small scale sector with corporate furriness systems through special vendor enrichment and ret sourcing models.

Market initiatives of the private sector to team the Indian industry with merchandising companies with large share in global trade.

Launch of HRD Mission on leather to generate a technology culture in Indian footwear industry.

Sector specific cluster development program in decentralised production centre.

Product and Market Segmentation Indian perspective:

Global footwear trade made from both leather and non leather materials is estimated at a market value of US $ 155 billion and trade value of US $ 58. However the global trade and markets of their products are mature with CAGR of about 3-4% p.a. India would need to either position in the growth segment or compete effectively with established players. Athletic footwear represents a high growth segment. Safety and protection wear is a niche products segment.
Dress and formal shoes (Export segment):

Based on an analysis of CAGR and an expected additional demand for 250 - 300 million pairs for such footwear in global trade, India may invert upon expanding the capacity by at least another 50 - 75 million pairs for dress and formal shoes.

Casuals (Export Segments):

The share of casuals in global footwear trade is substantial. Nearly 30-40% of the additional capacity envisaged for planned development of India in footwear manufacturing could well be in the segment of casuals. In this segment also, women footwear would be a preferred product segment.

Athletic (Export segment):

Athletic footwear segment is forecasted to grow at a CAGR of around 9% in the US market. A capacity build up of about 50 million pairs per year is recommended.

Children (export segment):

Children footwear enjoys a high replacement rate in global trade. Particularly for Indian with a relatively inferior quality cow based leathers for adult footwear products for children form an area of advantage for Indian leathers. A capacity build up of about 50 million pairs for export segment is a recommended forward step.
Safety and protective equipment (Export segment):

Safety shoes and protective equipment sector has found a favourable growth path in Indian footwear industry, particularly in Kanpur. Since it involves a significant engineering and technological input, partnership with IIT Kanpur in this product segment are of advantage to Indian footwear industry.

Footwear for domestic market segment:

Footwear for domestic market is in growth in at a steady rate, precipitate use of footwear in India is gradually reaching global average. With a large human population and with increasing purchasing power, Indian footwear industry needs to rage the domestic market segment carefully. Organised sector is not very active in steering to these needs of domestic footwear made for domestic market. Product segmentation of the domestic market segment will register a substantial change in free trade regime. The quality of manufacturing capacity for domestic market segment needs to be enhanced substantially through special intern method if the domestic demand for about 1900 million pairs is to be met at required levels for internal consumer satisfaction.

Market:

The demand of leather footwear is increasing day by day at the rate of population growth, development of township, industrial cities and increased economic conditions of people. The educated people, factory workers, service holders, officials,
college and school going students have developed wearing habit of footwear. Generally the manufacturing units cum selling shops are located in the main streets, chowks and township in a view to have access to the products. Some have their show rooms in the towns and cities apart from the manufacturing units. Customers are directly coming to the units and purchasing their requirements. It has been observed that people who come to these units / shops are starting selection.

This is of course a usual tendency but afterwards when any product is choiced, the customers start bargaining with some others. At last the seller comes to a point which may have little margin (or) very nearer to cost of production. Unfortunately the proprietors are not so perfect to calculate the cost of production (over heads are not properly included in the cost of production) and hence sometimes it incurred loss. It is summed up that the marketing channels followed by the units are:

(a) Manufactures – Customers

(b) Manufacture – Retailer – customer.

1.9 MARKETING MIX OF FOOTWEAR RETAIL UNITS:-

The 'marketing mix' is a set of controllable, tactical marketing tools that work together to achieve company’s objectives. The marketing mix is generally accepted as the use and specification of the 'four Ps' describing the strategy position of a product in the marketplace. One version of the marketing mix originated in 1948 when James
Culliton said that a marketing decision should be a result of something similar to a recipe. This version was used in 1953 when Neil Borden, in his American Marketing Association presidential address, took the recipe idea one step further and coined the term "marketing-mix". A prominent marketer, E. Jerome McCarthy, proposed a 4 P classification in 1960, which has seen wide use. The four Ps concepts are explained in most of the marketing textbooks and classes.

In the era of globalisation and privatisation, footwear emerged as a craze. Footwear shops need to integrate elements of marketing mix to satisfy the needs of the chosen marketing segments. The marketing choice or the knowledge of precise combination of these elements yields best results. Footwear stores need to clearly understand the marketing mix elements for successful marketing. Marketing mix comprises of four P's as they are popularly referred as product, price, place, promotion.

The expression marketing mix refers to the choice of markets tools that a footwear store combines to offer a product that could satisfy the needs and wants of a particular marketing segment. The retail outlets that develop optimum marketing mix will be the most successful.

**PRODUCT:-**

Marketing decision related to product is concerned with shape, design, characteristics, style, brand, package and utility. A product line is a group of products that are closely related because they function in a similar manner, sold to the same
customers groups and are marketed through the same type of outlets or fall within given price ranges. Retail outlets to provide quality footwear products need to introduce the product by identifying the needs of present and future customers and also necessary infrastructure should be acquired before offering a product to the customers.

In an article “The footwear products”, Seymore H gives an interesting list of products they purchase. On similar times, a list of retail outlets markets and the products they are interested is as follows:-

Table 1.2 Retail outlet markets and products

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<th>Retail markets</th>
<th>Products</th>
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<tr>
<td>Investors</td>
<td>Dividend, Reasonable returns on investment</td>
</tr>
<tr>
<td>Customers</td>
<td>Variety of footwear products with varied brands &amp; designs.</td>
</tr>
<tr>
<td>General Public</td>
<td>Leather camps, leather fairs</td>
</tr>
<tr>
<td>Customers families</td>
<td>Kindness, etc.,</td>
</tr>
<tr>
<td>Press</td>
<td>News release about achievements, VIPs etc.,</td>
</tr>
<tr>
<td>Visitors</td>
<td>Courtesy information, directional signs, parking etc.</td>
</tr>
<tr>
<td>Employees</td>
<td>Good Perks, good working environment, career growth</td>
</tr>
</tbody>
</table>

Source: Footwear products by Seymore

Developing a product or service or idea is not an end of product management, it’s only a beginning, the other things to be considered are branding, building brand image & promoting. In retail marketing branding, brand name, brand images are all important. Brands are intended to carry the beliefs, values and benefits of tangible
products. Retail outlets needs to establish trust with customers by promising only what they can consistently deliver to keep the brand credible.

Leather footwear retail outlets need to develop a unique value of products & services in the customers mind, in building those perceptions- best quality of products & brands, best trained sales professionals, best value, and pleasant atmospheres. Retail outlets need to make strategy promises that will provide the benefits to customers want in a different way than competitors. This is usually referred to as positioning, a tangible experience vis-à-vis competitor. However, retail outlets need to function effectively through a broad portfolio of products by branding, positioning & differentiating over the competitors'.

PRICE:-

Pricing is one of the four Ps of the mix. It is also a key variable in microeconomic price allocation theory. Price is the only revenue generating element amongst the 4ps, the rest being cost centres. Pricing is the manual or automatic process of applying prices to purchase and sales orders, based on factors such as: a fixed amount, quantity break, promotion or sales campaign, specific vendor quote, price prevailing on entry, shipment or invoice date, combination of multiple orders or lines, and many others. Automated systems require more setup and maintenance but may prevent pricing errors. Retail outlets need to invest crores of rupees on the variety of brands, qualified professional and a modern infra structural facilities to improve quality of retailing.
Increasing cost on inputs is fixation which makes possible a fair synchronization of users & retail outlets interest.

A retailer's prices influences the quantities of various items that consumers will buy, which in turn affects total revenue and profit. Hence, correct pricing decisions are a key to successful retail management. The pricing technique used by most retailers is cost plus pricing. This involves adding a markup amount to the retailers cost. Another common technique suggested is retail pricing. This simply involves charging the amount suggested by the manufacturer and usually printed on the product by the manufacturer. A major step towards making a profit in retailing is selling merchandise for more than it costs to you. This difference between cost of merchandise and retail price is called mark up.

A well chosen price should achieve the financial goals of the company (e.g., profitability), fit the realities of the marketplace (Will customers buy at that price?), support a product's positioning and be consistent with the other variables in the marketing mix. Price is influenced by the type of distribution channel used, the type of promotions used, and the quality of the product. Price will usually need to be relatively high if manufacturing is expensive, distribution is exclusive, and the product is supported by extensive advertising and campaigns. A low price can be a viable substitute for product quality, effective promotions, or an energetic selling effort by distributors.
From the marketer's point of view, an efficient price is a price that is very close to the maximum that customers are prepared to pay. In economic terms, it is a price that shifts most of the consumer surplus to the producer. A good pricing strategy would be the one which could balance between the price floor (the price below which the organisation ends up in losses) and the price ceiling (the price beyond which the organisation experiences a no demand situation) \textsuperscript{27}.

Pricing is the process of determining what a company will receive in exchange for its products. Pricing factors are manufacturing cost, market place, competition, market condition, quality of product. The effective price is the price the company receives after accounting for discounts, promotions, and other incentives.

Price lining is the use of a limited number of prices for all your product offerings. This is a tradition started in the old five and dime stores in which everything costs either 5 or 10 cents. Its underlying rationale is that these amounts are seen as suitable price points for a whole range of products by prospective customers. It has the advantage of ease of administering, but the disadvantage of inflexibility, particularly in times of inflation or unstable prices.

A loss leader is a product that has a price set below the operating margin. This results in a loss to the enterprise on that particular item, but this is done in the hope that it will draw customers into the store and that some of those customers will
buy other, higher margin items. Promotional pricing refers to an instance where pricing is the key element of the marketing mix.

PLACE:-

Another element of Neil H. Borden's marketing mix is place. Place is also known as channel, distribution, or intermediary. It is the mechanism through which goods and/or services are moved from the manufacturer/service provider to the user or consumer. Retail outlets should focus on place where products are made available to customers to achieve customer satisfaction. Chain of intermediaries, each passing the product down the chain to the next organisation, before it finally reaches the consumer or end-user. This process is known as the 'distribution chain' or the 'channel. Each of the elements in these chains will have their own specific needs, which the producer must take into account, along with those of the all-important end-user. A number of alternate 'channels' of distribution may be available: Distributor, who sells to retailers Retailer (also called dealer or reseller), who sells to end customers, advertisement typically used for consumption goods. There have also been some innovations in the distribution of services.

For example, there has been an increase in franchising and in rental services - the latter offering anything from televisions through tools. There has also been some evidence of service integration, with services linking together, particularly in the travel and tourism sectors. For example, links now exist between airlines, hotels and car rental
services. In addition, there has been a significant increase in retail outlets for the service sector. Outlets such as estate agencies and building society offices are crowding out traditional grocers from major shopping areas.

Distribution channels can thus have a number of levels. Kotler defined the simplest level that of a direct contact with no intermediaries involved, as the 'zero-level' channel. The next level, the 'one-level' channel, features just one intermediary; in consumer goods a retailer, for industrial goods a distributor. In small markets (such as small countries) it is practical to reach the whole market using just one- and zero-level channels. In large markets (such as larger countries) a second level; a wholesaler for example, is now mainly used to extend distribution to the large number of small, neighbourhood retailers or dealers.

Many of the marketing principles and techniques which are applied to the external customers of an organisation can be just as effectively applied to each subsidiary's, or each departments, 'internal' customers. In some parts of certain organisations this may in fact be formalised, as goods are transferred between separate parts of the organisation at a 'transfer price'. To all intents and purposes, with the possible exception of the pricing mechanism itself, this process can and should be viewed as a normal buyer-seller relationship. The fact that this is a captive market, resulting in a 'monopoly price', should not discourage the participants from employing marketing techniques.
Less obvious, but just as practical, is the use of 'marketing' by service and administrative departments; to optimise their contribution to their 'customers' (the rest of the organisation in general, and those parts of it which deal directly with them in particular). In all of this, the lessons of the non-profit organisations, in dealing with their clients, offer a very useful parallel. But in spite of this, many organisations prefer not to operate at a 'transfer' price because costs gradually increase as they undergo the distribution process.

PROMOTION:-

It involves disseminating information about a product, product line, brand, or company. It is one of the four key aspects of the marketing mix. Promotion is an act of communicating product and its merits to customers and persuading or influencing them to purchase. Communication is an important tool in promoting the company products or services. Marketers need to select appropriate ingredients for communications programme.

Public relations, publication, advertising, educational programmes, endorsement of option leaders etc., are the appropriate devices for promoting products promotional or informational activities at the point of delivery of products can also have an important role in communication. The determination of likely communication or promotion budget and their distribution over target markets will influence the selection of communication mix, communication can be used to influence any stage in
the selection and consumption process through promotion objectives and traditionally set to enlarge the customers base, it is a unique characteristic of products the promotion can be used to impact all the three phases: Pre consumption, phase, consumption phase and post consumption phase.

Retail outlets need to select and divide the task among advantage, publicity, public relations & selling and point of sale messages. Advertising is a strong tool and it should be informative & provide decisive information for the customers to select the store. The various promotional tools which public relations can use for promoting retail outlets are leather fairs, camps, exhibitions, seminars and news release etc.

Promotion is generally sub divided into two parts:

Above the line promotion: Promotion in the media (e.g. TV, radio, newspapers, Internet and Mobile Phones) in which the advertiser pays an advertising agency to place the Ad. Below the line promotion: All other promotion. Much of this is intended to be subtle enough for the consumer to be unaware that promotion is taking place. E.g. Sponsorship, Product placement, Endorsements, Sales promotion, merchandising, direct mail, personal selling, public relations, and trade shows.

The specification of these four variables creates a promotional mix or promotional plan. A promotional mix specifies how much attention to pay to each of the four subcategories, and how much money to budget for each. A promotional plan can have a wide range of objectives, including: sales increases, new product acceptance,
creation of brand equity, positioning, competitive retaliations, or creation of a corporate image. The term "promotion" is usually an "in" expression used internally by the marketing company, but not normally to the public or the market-phrases like "special offers" are more common.
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