

Impact of Advertising and Promotion on Sales of Leather Footwear Industry In Pakistan: A Case Study of Bata Pakistan Limited

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Abstract

Pakistan's leather footwear industry is one of the most important industry according to its contribution in the economy of country. Pakistan leather footwear industry flourishes over the years despite of the competitive environment and is also a backbone of the economy of Pakistan. Marketing activities and related investment in advertising and promotion is critically important in the leather footwear sector in this competitive business environment. The study aim to analyze the impact of different mediums of promotions that leather footwear manufacturer are using to provide the exposure and information of their products to the customer. Leather footwear manufacturer also give a critical importance to the quality and latest trends to make a worthwhile message for customers to communicate in their promotion. Certain areas in the traditional advertising mediums require more focus investments as in this digital era most of the traditional advertising mediums may not making a maximum out of it, as this digital transformation leads larger audience to the social and digital platform on which organizations can better target there market in the aspect of advertising and promotion which leads to the smart investment, whilst making the optimum return on investments. This study is primarily focused around the impact of advertising and promotion on the sales of leather footwear in Karachi. This is achieved by testing the research with the help of available secondary data and also by gathering primary data from the relevant respondents i.e. customers and individuals from the industry. The results and findings reflects that there is enough evidence that advertising and promotion have a significant impact on the sales of leather footwear of both the selected leather footwear manufacturer organizations. Towards the end of this present research limitations confronted in conducting this research have been mentioned and also the future recommendations that can enhance the investments and optimize the customer satisfaction have been also analyzed, which can lead the leather manufacturer and enable the business to run more effectively and efficiently.

Keywords: Advertising and promotion, Leather Footwear, Customer purchase decision, Sales of leather Manufacturer, Leather footwear industry of Pakistan.

Introduction

The research study presents the detail discussion on the impact of leather footwear advertising and promotion on the sales of Bata Pakistan Limited. Advertising and promotion are the very significant element of marketing activities. Many researchers studied on the challenges involved in the leather footwear marketing in Pakistan. Marketing communication is always been a strong challenge for the leather footwear organization as in Pakistani market competition is on its peak to various factors of Chinese footwear. Understanding of customer insights give organization a road map that how they can competitively satisfied the need of their target market. Different advertising and sales promotion strategies are implemented by leather footwear manufacturer, in the different periods during the year in order to engage their customer though out the year.

Relevant methods have been followed in data collection in order to make a comprehensive analysis in the research. Research further follow the discussion on the findings from the different sources as to identify the impact of advertising and promotion on the sales of leather footwear. Research study analyze that organizations make their investment in the advertising and promotion, which are always align with the brand objectives, to achieve the defined business objectives. Furthermore, research also analyze the impact of sales promotion strategies that the leather footwear organization used with the various objectives. These integrated promotion strategies of leather footwear brands help organization to create a thought leader ship in target market mind at point of purchase, results in achieving defined organizational objectives align with the business goals. It is recommended that leather footwear manufacturer must go with the advertising and promotional campaigns in order to capitalize and get the maximum return on investment for their brands. After analyzing the results with regard to the problem, leather footwear manufacturer can implement different marketing activities that must have to be align with the business objectives. The research study can include more classified form of dependent and independent variables for future researches. It is suggested that the study can be repeated in the different geographical area. The study should also be repeated with several other footwear categories, including men's, children's, and specialty categories. With the current economic status and the recession that has gripped the retail industry, repeating this study in the future, even if just one year from now, will possibly produce different results.

Overview of Leather Industry of Pakistan

Leather and leather made products are one of the most useful, third most dynamic and important industrial sector in Pakistan after cotton (textile) and rice. Leather industry of Pakistan comprises of 800 small, medium and large industrial plants, units and tanneries. According to Pakistan Tanners Association, leather industry contributes 2.6 percent to Gdp, five percent to Pakistan total exports along with that also provides over one million skilled and semi-skilled jobs in the market.

Increasing economic cooperation with China under the China-Pakistan Economic Corridor (CPEC) has the potential to boost growth of Small and Medium Enterprises (SMEs) through joint ventures and modernization upgrade of the existing leather industry through transfer of technology and financial assistance. There is a wide scope for joint ventures between Pakistani and Chinese SMEs, especially in the fields of leather and apparel, because China currently dominates the conversion of leather into finished leather goods, however with rising labor costs, Chinese leather industries are willing to relocate to other developing economies. Globally, the demand for leather garments exhibit a stable trend, however the demand for leather products continues to expand. Pakistan is well positioned in this regard because of the availability of finished leather and competitive labor costs. Access to technology and sector specific equipment is important for the expansion of the leather sector. Moreover investment in manufacturing and value addition are required. CPEC framework can benefit the local leather industry through a flow of technology, financial assistance and business venture opportunities, however this requires vigilance planning and management policies and at both the local industrial as well as the government level.

Literature Review

Customer determine that how well the brands are performing and making hype in the market, what products portfolio carried by the organizations, and how they are offering their brands and products in the market. It is important to understand that what customer is thinking before the purchase decision has been made for the leather footwear. To study the customer insights allows organization to work more focused on the target group and market to get the desired return on investment.

Leather Footwear Manufacturer Marketing Challenges

Siddique. (2001), reviewed that the marketing issues and challenges that face by the leather footwear industry, in overall business market this challenge plays vital and significant role in the growth of industry. If the manufacturer and the marketers understand the need of customers, create and develop product according to the demand, that provide value to the customer with appropriate pricing and to promote their product efficiently they can sell their products and get the delighted customers. Significant efforts along with the resources must be dedicated to researching the customer insights, observing buying patterns as to plan and prepare the brand plan and strategies.

Gereffi, G. (1999) research that to ensure and sustain the growth of leather products, especially footwear, there is also a need for an extensive education and awareness in the market along to the potential customers. Researcher analyzed that the leather footwear manufacturer use various strategies to attract the customers, selling at competitive price, making brand names along with the promises, designing new ranges of leather footwear products in the market. The study also analyzed that the major marketing challenge that the manufacturer faced is the lack of awareness among the target market. The study further recommend that the local media may also put the positive impact as far as the awareness of leather footwear is concerned.

Humphrey, J. (2003) analyzed that although there are some challenges in the leather industry as importing countries are always interested in those footwear and other leather products that are less threat to the environment i.e. environment friendly and that can also be recycle. On the basis of type, the market is segmented as formal, casual, and outdoor. Additionally, based on price range, the market can be categorized as low-range, mid-range, and high-range. The consumer group segment is bifurcated into three broad categories: men, women, and children. In terms of distribution channel, leather footwear products are made available through brick & mortar stores as well as the online platform.

Mittala, K. (2011), researched that in the leather footwear advertisement is very much scare, as in this area few researches have been done in the past. Although there is much availability of descriptive work that is available, however it is difficult to trace and find out the most relevant variable along with the concerned issue in the leather industry of Pakistan. Organizing of different trade shows, exhibitions, activities would be very beneficial for the leather footwear manufacturer. Such type of activities may help to manufacturer to overcome the marketing challenges and in the long term maintaining and developing the leather footwear industry. (Stephen.G. 2016),

Promotional campaigns are designed accordingly with the need and wants to market. Retailer have to participate in the promotional campaigns that have planned by the organization also in terms of certain contribution in the marketing and advertising expenses. Matti. S. & Linnea. P. (2006). In the last decade, developments and innovation in the Information Communication Technology, has been enabled people and different communities across the globe to communicate. Improved availability of public networks and easy accessible communication means also enable and accelerated the globalization. Stokes, D.R. (2000), researched that the value chain analysis and the costing of each actor in the manufacturing and marketing is the key and basis for the organization to survive and compete in the market. Malhorta, N.K. and Birks, D.F.C. (2006), Researched that Pakistan leather sector has been suffered due to high cost of utilities, high cost of input raw material and high labor cost, while there is also a lack of technological advancement, innovated high tech machineries and infrastructure. While looking at the Indian leather industry, it has the strong and efficient supply of raw material. (Future trends in the world leather and leather products industry and trade, 2010)

Mattila, H. (2005) researched that leather footwear industry have multiple issues in the market, there is also an important issue of lack of advertising and promotion in the developing countries. Manufacturer and channel partners have not carried out an effective promotional campaigns of their products. They depends on the finding of business by customers by chance that has been results in the low sales at national level. Lack of communication and collaboration between the academia and industry, also results in the lack of productivity and also a hindrance for the researchers. Due to Chinese leather footwear availability in the market, Pakistan leather footwear industry is also facing the high competition with the cheaper rate Chinese products. Leather footwear industry in Pakistan is growing rapidly, and a lot of registered, unregistered, public and private limited companies along with the Sme's are competing in the market, therefore the competition and rivalry between the manufacturers is intense, also at its peak during the seasonal time. Most of the companies has been using direct inject technologies by which footwear is made in a single piece without any stiches into it, therefore give competitive advantage to the manufacturer.

Research Methodology

Leather footwear manufacturing and marketing organizations are making large amount of investment on the advertising and promotion because they want to keep their brand at the top of the customer's mind. Advertising and promotion has proven to be a successful tools for communication and supporting organization's to achieve their business goals and objectives, but organizations are still in confusion that what kind of mediums and tools along with the strategy should be used and how do these advertisement will results in the change to customer purchase decision for the leather footwear brand. While making heavy investments in advertising and promotion, Leather footwear manufacturer is in the challenging situation as they have to optimize the investment for the desired return on investment that are align with the business objectives, therefore it is very important for the organizations to create the significant impact on the sales while making investment in different mediums and tools in the advertising and promotion.

Research Framework

Leather footwear sector is one of the most important industry in Pakistan. The research focus will be on the impact of advertising and promotion on the customer purchase decision which ultimately creating an effect on the sales of leather footwear brands, which may influence the most, at the time of purchasing the leather footwear. Manufacturers of leather footwear are using advertising and promotional mediums to retain and develop the new customers. Organizations are trying to improve the level of customer satisfaction which can lead to achieve their ultimate business goals. Therefore quality related areas are also one of the main feature that engage the customer to the purchase decision after the buying appeal is generated using different mediums and strategies of promotion. The study will directly assist the leather footwear manufacturer in general and focused on Karachi. The study will indirectly benefits all the research organizations, leather manufacturing and marketing companies, students and professionals to understand the impact of advertising and promotion of leather footwear on customer purchase decision. The study will helpful for marketing professionals, in making effective plan and strategies for advertising and promotion. It will be expected that the respondents will provide answers to the questionnaire with sincerity and honesty.

Hypothesis

Hypothesis is defined as a set of proposition set forth as an explanation for the occurrence of some group of phenomena to further guide the investigation, accepted or rejected as highly probable in the light of establish facts. So for the study, the factors that are analyze may create impact on sales of leather footwear certain Alternative Hypothesis and Null Hypothesis are formulated as,

H1: There has been a significant impact on sales of leather footwear due to advertising and promotion for the last ten years in Karachi.

Ho1: There has not been a significant impact on sales of leather footwear due to advertising and promotion for the last ten years in Karachi

The research objective is to analyze the impact of advertising and promotion on the purchase decision of customers for the leather footwear. While analyzing the hypothesis statement and research framework it is defined that the independent variable of the research hypothesis statement is Advertising and Promotion whilst the dependent variable is defined as the sales of leather footwear.

Research Design

The purpose of this study is to identify the impact of advertising and promotion on the customer purchase decision of leather footwear in Karachi. The instrument designed to obtain data for this study is questionnaire. Sampling technique which has been adopted in this study is convenience sampling technique as customers that make the purchase decision have been approached for the primary data collection that are subject to availability and can share their information. Furthermore one respected individual from organization is also interview based on the availability, therefore convenient sampling technique is used in the present research paper. For secondary data published annual reports are also analyzed supporting information with respect to the organization i.e. Bata Pakistan Limited.

Population of Karachi is very diverse with respect to ethnicities. Published annual reports are also take into account and analyzed for the necessary purpose of conducting this research study. 302 questionnaire has been filled out from approximately 600 routed questionnaires for the collection of primary data. The source of these published annual reports are from the official websites of the

organization i.e. Bata Pakistan Limited, which is public limited and according to the Law in Pakistan, public limited companies must have to publish their annual audited financial statements for public and shareholders accordingly.

Reliability of Questionnaire

For reliability and validity of questionnaire, reliability of questionnaire has been tested using spss software, where reliability test has been run using Cronbach alpha on spss software. To further proceed with the study, primary data has been collected within the population with the sample size of 302 respondents. The Cronbach Alpha value was 0.88%, which shows the questionnaire was reliable in the collection of primary data from the relevant respondents.

Impact of Advertising and Promotion on Sales of Leather Footwear

This study examined the impact of advertising and promotion on sales of leather footwear. In order to analyze the impact primary data has been collected from 302 respondents through questionnaire. All respondents are based in Karachi. Furthermore this section presents the detailed analysis from the advertising and promotional efforts done by the Bata Pakistan Limited. Detailed analysis including all the sub factors of independent and dependent variables selected for the research purpose, along with the demographic description of sample population following by the analysis and descriptive statistics of research factors.

To proceed with the study, primary data has been collected within the population with the sample size of 302 respondents who makes the purchase decision for the leather footwear of Bata Pakistan Limited. The demographic description of the respondents are presented in the below table, as Male accounted for 71.9% and Female accounted for 27.5% whereas 0.7% of respondent didn't respond to their gender.

	Frequency	Percent
.00	2	.7
Valid		
Male	217	71.9
Female	83	27.5
Total	302	100.0

Demographic Description of Respondents

The result enlighten us to the age group of respondents, as 80.1% respondents are from the age group of 20-29, 16.2% responses has been collected from the respondents having age group

between 30-39, while 1.3% responses has been collected from the respondents having age group of 40-49, whilst on the other hand 2.3% respondents that accounts to be 7 did not select the age group while filling out the questionnaire.

For any kind of product awareness, understanding and knowledge of product is very important for the customers. It is the responsibility of organization to give a complete comprehensive knowledge based on clear communication of its brands. In order to remain competitive in the leather footwear market, Bata Pakistan Limited also invest in the new and engaging advertising channels along with the traditional mediums of promotions to execute different brands marketing campaigns. Due to several challenges in market in terms of slow GDP growth, political instability and high input raw material cost affects the margins and profitability of the company. In FY '2017 the advertising and sales promotion of company has been increased with the rate of 40.42% as compared with the last year spending of Rs. 1.24 billion. Due to high competition in market and to always be in the top of the mind to the different channel partner along with the customers the spending in the advertising may affect the sale and profitability of the company whilst also promoting the positive perception in market. During the year retail division of the company has been grow with the addition of new retail stores and renovation of the existing stores. Also due to efficient supply chain management and effective cash flow management company has been managed to grow their profits by of 5.72% with the turnover of Rs. 1.524 billion on the other hand company also achieved their bottom and top line goals.

Research focus to analyze the primary data through mean analysis to further understand the impact of advertising and promotion on customer buying decision. Sub factors of advertising taken into account such as product information through electronic media advertising, social media advertising, print media advertising, furthermore also includes the sales promotion, i.e. discounts and sale, free gifts, in the variable of advertising and promotion that have been study in the present research. Bata Pakistan Limited have been also in the clear competitive advantage when it comes to the electronic media advertising. However, investments makes in the domain of effective advertising and promotion are the clear scope in Bata Pakistan Limited, as it always align with the business plan for the entire year.

With the spending of 1.24 billion rupees in the advertising and promotion Bata Pakistan Limited reach to the maximum targeted audience in the market. Product Information through Television Commercial that was adopted in this study. There is a huge importance of advertising budgets in

the organization, as it make brands gain competitive advantage to build a strong relationship with the customers, allow organization to build new customers and to retain the existing customers. To answer the criteria questionnaire, the respondents were asked to rate each of the factors mentioned on the questionnaire on the five point's rating scale ranging from Very High (1) to Very low (5). In the Mean analysis of the independent variable factor Product information through television commercial mean value stands at 3.0066, which shows that the appeal of customer buying is highly influenced by the television commercial, and therefore create significant impact on customer buying decision. According to the value of above test is found that television advertisement of Bata Pakistan is playing a significant role on the customer purchase decision.

Results indicated that the 121 respondents are at the moderate level of information regarding the television advertising of Bata Pakistan Limited leather footwear. 73 and 24 respondents are at the low and very low level of information when it has been asked from about the television advertising of Bata Pakistan Limited accordingly. The second sub factor of advertising that is research in the present study is Product information of Bata Pakistan Limited through Facebook advertisement, the result value of mean for 302 respondent from the population stands at 2.88, showing a significant impact social media i.e. Facebook advertisement on customer purchase decision. Mean Value shows the higher role of Facebook advertising of on customer purchase decision.

Results shows the mean value from the survey that comes out and stand at 2.8, which shows that there is a positive and significant impact of Facebook advertising on the customers buying decision when it comes to the purchase of leather footwear of Bata Pakistan Limited.

The third factor that has been covered in the variable of advertising and promotion is Product information through print advertisement in the present study. Print advertisement is one of the traditional yet valuable medium for the advertising. Bata Pakistan also capture the target market from the print media advertisement. It is also analyze that the print media is also making a significant impact on the customer buying decision for the leather footwear. Mean value for the factor i.e. product knowledge from the print media advertisements stands at 3.1325, which shows that there are less people who have been watched the print advertisement and they are yet not been exposed to any print ad, yet print advertisement have not been making a significant impact on customer purchase decision of Bata Pakistan Limited, where 70 respondents respond that have not been received any product information of Bata Pakistan Limited products from print

advertisements. In today's dynamic and competitive environment, every business depends on the acceptance of the customers. Customers have numerous choices to make the final decision and they are heavily influencing the companies in regard to the product price, quality and sizes.

The mean value of the independent variable factor i.e. Discounts and Sales of Bata Pakistan Ltd, which stands for 2.75, which represents that most of the customers are willing to purchase because of the discounts that have been offer by the Bata Pakistan Ltd, Mean Value represents that most of the people are likely to purchase because of the Discounts on products that have been offered to the customers.

Research literature supports this fact that the regular customers, who purchase the product frequently, are profitable and are primary concern of the companies. In order to cater the need of market and making the repeat purchase possible, the companies develop extensive marketing programs to retain and motivate the purchase decision of customers. Sales promotion has multiple effects on the purchase decisions of the customers. Mean value for the purchase frequency stands at 2.72 representing that most of the respondents are most likely to purchase leather footwear from Bata Pakistan Limited. Therefore, it is concluded that the due to earlier discussed factors large no of respondents are most likely to purchase their leather footwear and have a significant impact on their purchase decision. Large no of respondents are most likely to purchase their leather footwear from the respective organization and have a significant impact on their purchase decision due to advertising and promotion. It is important for organizations to have an understanding of consumer behavior and purchasing habits in order to formulate their marketing strategy to target the relevant market.

Conclusion and Recommendation

The study revealed the customer buying decision and organizational strategies towards the advertising and sales promotion. The participants of the study were 302 respondents who are the customers of leather footwear's of Bata Pakistan Limited. Male respondent's accounts as for 72% and Female respondents accounts for 28% representing the population. It has been analyze that the most relevant factor that influence the customer buying decision in the leather footwear is discounts and sale followed by the Facebook –Social Media Advertising which are the most influencing for the customer purchase decision in the leather footwear. Conclusion according to the results that is analyzed, there are many factors which creates the impact on customer purchase

decision while purchasing the leather footwear. It has been found that the spending and investments in advertising creates a significant positive impact on the organizations sales. It is also found that the traditional medium of advertising such as television and Facebook-Social Media Advertising is the most impactful media that create a worthy positive impact on the customer purchase decision as for the leather footwear. Results of the study's also shows that the print media advertising is at its moderate impact on the customer buying decision, as most of the respondents have been not exposed to the print advertisement of Bata Pakistan Limited.

Furthermore the results also revealed that the customer are more likely to use the sales promotional schemes, where they are getting more discounts and free gift. These Sales Promotional strategies are very attract full for customers, yet at the same time organization is achieving their objectives in line with their business plans, organizational goals and targets. The research conducted in Karachi, it can be extended to include more cities and areas of Pakistan. More diversity can be able to get a wider and rounded response and view point and further understanding customers who are buying leather footwear. Most of the sampled has been collected from male within the defined population due to maximum availability of respondents, however in future studies female respondents can be targeted more as of male respondents.

Research include one independent and one dependent variable which has been further classified in different factors, more relevant variables can also be study in future researches. It is found that the most effective advertising that influence the customer buying decision is Facebook-Social Media Advertising, and television advertising, whereas print advertising seems to be at moderate or no impact on the customer buying decision. Leather footwear manufacturing organization may use their advertising budgets more smartly on the electronic media and social media to get the maximum return on investment. The first recommendation is for print media advertising that is making moderating impact on customer decision making for leather footwear, as this print media advertising budget may also use into some other mediums that can be more beneficial for the organizations.

Another impactful factor that is creating a positive influence in the customer purchase decision is discounts and sales. The second recommendations follows the factor of sales and discount offer that are offered by the organization to the customer, Organization need to make more smart strategies to retain and capture new customers via discounts and sales strategy. The study also

suggest that all the promotional efforts with the investment by the leather footwear manufacturers aimed to get the further opportunities along with the achievements of organizational objectives whilst the customer satisfaction is also an important factor to retain the existing customers and to make new customer base by the organizations.

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