



Internship Report

On

“Marketing process of sewing thread supplying industry of Bangladesh: A Study on Coats Bangladesh Ltd”.

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November 15, 2014

Mohammad Rezaur Razzak

Associate Professor & Director

BRAC Business School, BRAC University.

Subject: Internship report on “Marketing process of sewing thread supplying industry in Bangladesh: A Study on coats Bangladesh Ltd”.

Dear Sir,

This is informing you that I have completed my internship program at Coats Bangladesh. The internship report paper titled “**Marketing process of sewing thread supplying industry in Bangladesh: A study on Coats Bangladesh**” has been prepared for the completion of my internship as per the requirements of my undergraduate program at BRAC Business School at BRAC University.

In writing this paper, I have tried my best to apply the concepts learnt in my program along with the actual experience learned while working for this project in my company. I have reflected in this report what I have done as per the requirement of the company and the decisions taken and the reasons for taking these decisions. However, I will be glad to clarify any discrepancy that may arise on this report.

I hope this report will entice your kind appreciation.

Sincerely,

Md.Shariful Islam

ID: 09304122

BRAC Business School.

Acknowledgement

First of all I express my gratitude from heart to Almighty Allah, the most merciful and beneficent, who blesses us with the knowledge, gave me the courage and allowed me to accomplish this task.

As a part of our BBA program, I did my internship program at Coats Bangladesh Limited, a world renowned company who mainly supply industrial sewing thread in the garment sector.

In preparing this report the biggest support comes from our beloved madam and my internship supervisor Mr. Mohammad Rezaur Razzak Without his supervision, suggestion and help I can't complete this report.

I have also thankful to some other people of Coats Bangladesh with whom I worked at CBL. At first I have to be thankful to Mr. Nobel Talukder manager and my supervisor at Coats Bangladesh Ltd. I am so thankful to Mr. Kobir area sales manager and also all people of Coats Bangladesh who helped and assists me to work at Coats Bangladesh with a friendly environment.

I would also like to take this opportunity to express my wholehearted gratitude to some of my friends who offered encouragement, information, inspiration and assistance during the course of preparing this report.

This report may suffer from many shortcomings; nevertheless I have exerted my best efforts in preparing this report. I seek excuse for the errors that might have occurred in spite of my best effort.

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Coats Bangladesh Ltd.

EXECUTIVE SUMMARY

RMG sector is one of the biggest and most GDP earning sectors in Bangladesh. This sector works with some raw materials. One of those raw materials is industrial sewing thread. RMG sector could be stopped without industrial sewing thread. There are many companies world for supply threads and coats PLC is one of them and the largest one. Coats PLC. Runs its business named Coats Bangladesh Ltd. My report contains a brief study on this company and marketing process of sewing thread supplying industry in Bangladesh based on this company. For completing this report I went through the marketing mix, segmentation, targeting, positioning, porters as well as industry. I tried to analyze the real situation for preparing the report.



Coats Bangladesh Ltd.

Chapter 1

Introduction Part





1.1 INTRODUCTION

In a global marketplace an increasingly huge competition forces companies striving to find strategies that the competitive advantage over the competitors. Coats Bangladesh Ltd, a subsidiary of Coats Ltd UK is recognized as the most trusted and recommended thread manufacturer and market leader in supplying of Industrial Sewing Thread, started operation in Bangladesh in 1989 and in the year 1991 it opened its local production factory in port city, Chittagong , Bangladesh. Its main product is sewing thread which is used in garments industry but it has also zipper business. It has market in 150 countries and manufacturing operations in 68 countries around the world. The organization is doing B2B business which is related to marketing process between business to business like buyer companies and garments who are the customers. It is mainly indirect exporting source to global buyers.

From the vie of market, Coats has the reputation of best in quality and specialty. This company is based on the sales and business development and customer service is the most important part of its system. For quality assurance and service Coats Bangladesh is best to its customers. All the wings are inter-related to each other, and customer service has its individual chained process. It is also connected to the supply chain and finance department including manufacturing, direct or indirectly.

In Bangladesh Coats has intense competition with some other sewing thread company such as well thread, A&E, etafil or some of the local companies. As like as a global market share where its nearest competitor has 21% of the Total market share. In Bangladesh CBL also serve consumer threads or crafts and are trying to introduce zipper.



1.2 OBJECTIVE OF THE STUDY

❖ **Broad Objective**

The main objective of the report is getting an overall idea about the marketing process of Coats Bangladesh or how CBL runs its marketing process to reach the product to the target customers.

❖ **Specific objectives**

There are some specific objectives of this report and these are

- ✓ To know about the overall market condition of Coats Bangladesh
- ✓ To have an overall idea about the marketing department and its wings and activities of this wings.
- ✓ To identify the Segmentation, Targeting and Positioning of Coats Bangladesh.
- ✓ To know about the Marketing Mix of Coats Bangladesh.



1.3 METHODOLOGY OF THE REPORT

❖ Type of Study

In this report I tried to find out the marketing Process of Coats Bangladesh. It gives a description about the company. So I used Descriptive Research because it describes a market or its characteristics. For this study I collected data from both Primary and secondary sources.

❖ Sources of Data

- ✓ For primary data I interviewed some employees of CBL. There was a structured questionnaire survey because it B2B field, consumer survey is very difficult. So all of the primary information is based on this interview.
- ✓ My experiences on working at Coats Bangladesh also helped me to prepare the report.
- ✓ For secondary sources of information I used some reports on Coats Bangladesh and I also took some assistance from textbooks.



❖ **Sampling Technique**

For this study I used No probability Sample because there is not any consumer survey, I interviewed some employees of coats Bangladesh. Among various methods of nonprofit able sampling, I used Judgment sampling because I interviewed only to those people who are related to marketing department of coats Bangladesh.

❖ **Sample Size**

I took interview from 20 employees of various wings of marketing department of coats Bangladesh. I prepared the report based on their feedback.



1.4 Limitation of the Reports

Every report has its limitations. This report was and is no different. There were several limitations in preparing this report. The main limitations were:

- ✓ In this report there is no consumer survey. Only interview on employees of coats Bangladesh are asked about their marketing process.
- ✓ Satisfaction of customer also can't be measured because of lack of consumer survey.
- ✓ The scope of the report was broad and in reality was entitled to more time and effort. The major limitation could be back of time in preparing a comprehensive analysis.
- ✓ Very few secondary data can be collected from various Coats Bangladesh has not so much data in journals or internet.



1.5 Literature Review

Considering the customer service associated with marketing department of Coats Bangladesh, Ayesha Jamal said in her report “Process of customer service associated with marketing department and Interconnection to operations of Coats Bangladesh, 16 August 2013” that “Coats Bangladesh is operating its business based on its reputation, quality service and reputation of direct contacts to its customers. Best solution and best constancy about any problem regarding its product is given by CBL to any of its customers.” This is exactly saying the saying the superiority of Coats’ product rather than of its competitors and best service of CBL to customers

Irshad Rahman said in his report “ Streamlining customer services- perspective from Coats Bangladesh, April 2007” that “Coats Bangladesh should not run behind all over the market of RMG sector but it should remain its quality service so that the actual target market like the famous buyers Puma or Wal-Mart remain still. Therefore other world renowned companies can also be attracted by its sewing thread.” This gives some idea about what type of market Coats target to sell its products should.

In the report (“conceptual development for commercial diplomacy in trade and supply chain, June 2010”) Md. Mostafizur Rahman said that “trade negotiation between sales force and customer is very important because both parties need a win-win situation”. This shows the need for a well-trained sales force for dealing a business profitably.

First two reports show the products superiority and type of market to sell. But in these reports authors mainly worked with customer service wing of marketing department only. But in my report I tried to find out the overall marketing process of Coats Bangladesh. I tried to specify what type of market actually CBL took, what type of positioning policy CBL use etc. But these reports helped to find out my objectives to fulfill the report.



Chapter 2

Organization Overview

Employing some

20,000

people in over 70 countries



2.0 Company Overview

One of the few oldest companies in the world today is Coats Plc. With an age of more than 150 years in service, this company is truly a reflection of a classic organization with a long lifespan. Coats Plc is a company which is considered and is a global leader in what it does. It is the world's foremost and leading thread manufacturer in the world. The legacy of the company is such that it now boasts that it produces enough thread in every four hours to reach the moon and back.

Its origins lie in the highlands of Scotland. Its founders were the first pioneers in thread manufacturing using cotton as a substrate. In reality this company was the pioneer in the textiles manufacturing sector after the industrial revolution. In every aspect of innovation in the textiles industry can be accredited to this company. From using polyester as the ingredients in thread manufacturing to the dyeing process mechanization, Coats has been the driving force innovation.

Coats Plc is considered to be the truly global company. It operates in 150 countries and has locations in 67 countries round the world. It has become the leading producer in its industry and is the global leader in its product. With several mergers and acquisitions it has become a behemoth of an organization. But prior to becoming a private limited company, it was once a public limited company, with its shares listed in the London stock exchange. But after the takeover by a group called the Guinness Peats consolidated it pulled out its shares from the London Stock Exchange and became a Plc.

On the whole it was once considered to deal with everything related with the textiles industry. Then it decided to divest and concentrate on its core operations, which was thread manufacturing. Now it provides four categories of products. These are apparel threads, specially



Coats Bangladesh Ltd.

threads, zippers and accessories and crafts. It is the market leader in all of these except in the zipper and accessories division where it is number two to YKK.



Worldwide, in every 4 hours, Coats produce enough thread to reach the moon and back!

In Bangladesh, Coats Plc is known as Coats Bangladesh. It started its operations in 1989 and was known as Tootal Bangladesh. With the merger of Tootal and Coats Viyella worldwide in 1991, the operations in Bangladesh became part of the Coats Viyella worldwide in 1991, the operation in Bangladesh became part of Coats Viyella Group, duly acknowledged by a change of name to "Coats Bangladesh". Coats Viyella Plc is one of the largest textile Groups in the world and the global leader by far in Industrial thread business. As part of the Coats Viyella Group, Coats Bangladesh is part of network which extends to over 150 countries. Interestingly Tootal and Coats were fierce rivals in their industry. And this rivalry dates back to more than 100 years.

After becoming Coats Bangladesh, it now caters to the 100% export oriented RMG manufacturing sector. Coats Bangladesh have established a pre- eminent position in the industrial thread market and is currently the clear market leader and are the preferred supplier to key international buyers operating in Bangladesh. It provides only thread to this industry. It has become a standard for excellence in this industry and will continue to do so. At present it has 10



Coats Bangladesh Ltd.

brands of apparel thread which it provides to this sector. It has not introduced the zippers as well as specially threads to the market.

Coats Bangladesh is not a producer of thread. In reality it gets raw grey yarn from the group subsidiary in china and India. This has led to the problem of having longer lead times leading to a somewhat decreased quality of service in terms of speed of delivery. After the yarn is collected, it dyed and then finished in two factories in Chittagong and Gazipur. The Chittagong factory is termed as the bulk producing unit or BPU and the Gazipur factory is termed as the customer Service Unit or the CSU. The BPU goes for mass production and has a production capacity of 100,000 cones a day, whereas the CSU is used for emergency or customized order production.

Coats Bangladesh supplies the full range of industrial sewing thread, including Staple Spun Polyester, Tribal Polyester (for embroidery applications) and Polyester CorespunThread. The local company is an integral part of the worldwide “Global Offer” capacity of the Coats Group, supplying the full range of Coats global brands at determining international specifications. Coats Bangladesh has entered into the consumer market beginning 2001 with their TIGER Brand.

The company’s commitment to quality was recognized with the receipt of ISO 9002

Certification and its emphasis on environmental issues is evident in the receipt of Oeko Tex certification. Even the ‘ Bes’ can be ‘ Better ‘- the drive for Coats continues with the focus of strengthening relationship with the customers ensuring enhanced product quality and valued services with every upcoming year.



Coats Bangladesh Ltd.

Chapter 3

Analysis of Data



3.1 Industry Analysis

3.1.1 Market Share of coats Bangladesh

Bangladesh is a country where garment and knit industry is a large source of total GDP earning. As a part of overall garment industry, sewing thread industry also a large portion. Various multinational and native companies run their business in sewing thread industry. Among them Coats Bangladesh, A&E, Well thread, etafil are mostly known companies. There are some other companies also who mainly run their business area wise . Among these companies, Coats Bangladesh is still market leader in this industry. A few years ago Coats Bangladesh have 55% market share . But this rate has been decreased and it comes to 35% of total. Though it is the market leader still, but it is highly following by other companies such as A&E whose market share is 22%, etafil whose market share is 12% and well thread whose market share is 10%. Others native companies also have big portions of market share with 21% of total market.

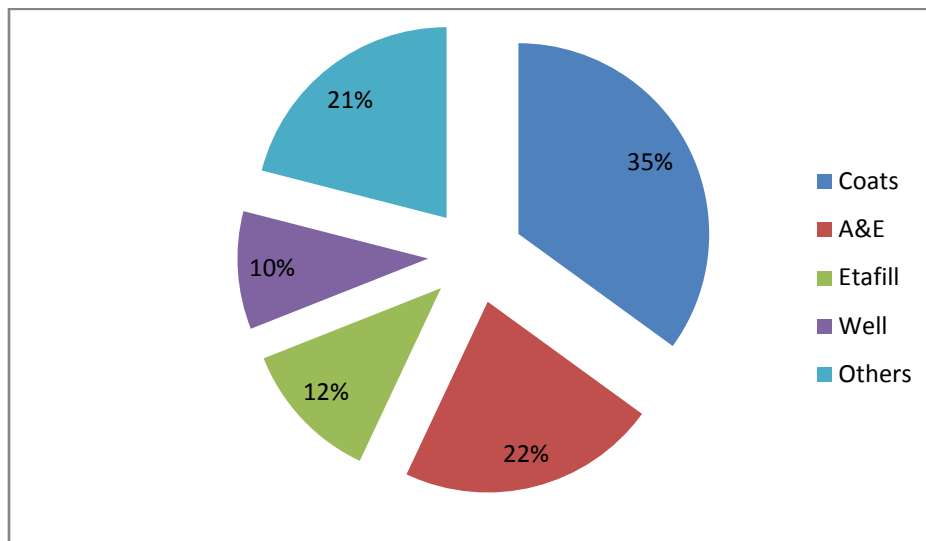


Chart 1: Total Market share of sewing thread industry by various companies in Bangladesh



3.1.2 Porter's Five Forces Model and Coats Bangladesh

One of the famous marketing analyses involving the competitive and the attractiveness of the market is the Porter's five model. Based on this model Michael Porter has identified five forces which affect the attractiveness of the market segment. Based on observations and working in this company for 3 months, the Porter's model can be used to give a brief idea about the industry of thread manufacturing.

The porter's model can be seen in the diagram given below:

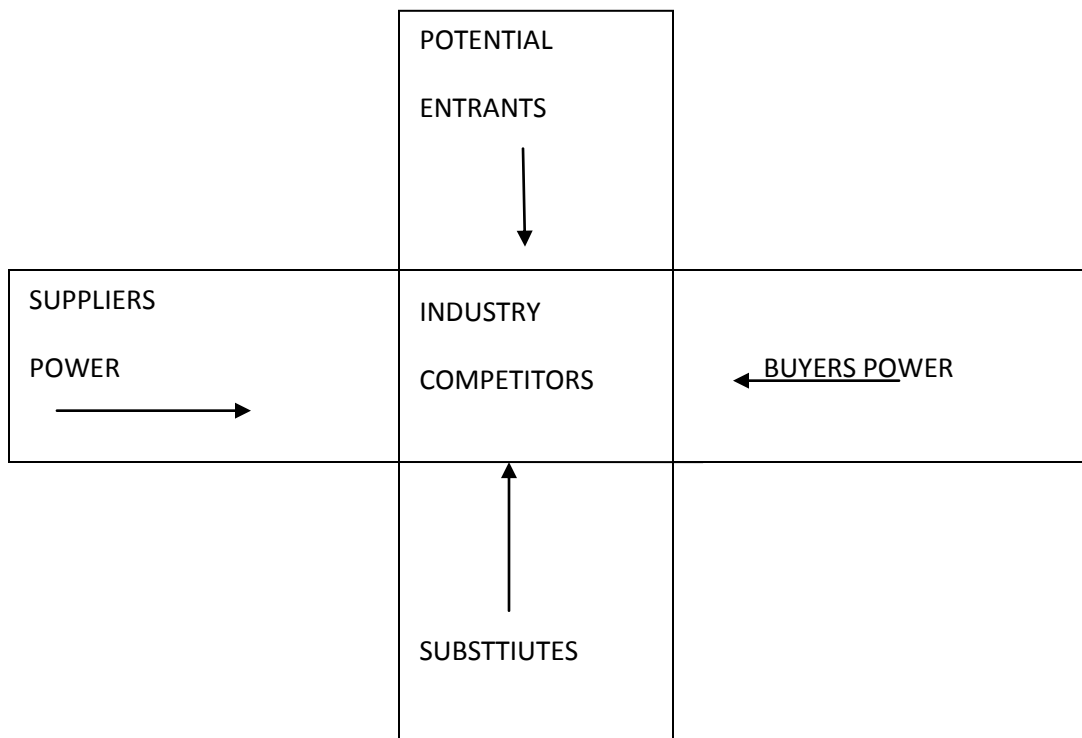


Figure 1: Porters Five forces model



1. Threat of intense segment rivalry:

At present this industry has some players. Coats at one time had a near perfect monopoly with 55% market share. This now has fallen to 35% market share. This shows that since there were relatively fewer players in the market, it was attractive and still is. Already well thread, A&E has gained a promising performance in the market. Newer ventures are opening up such as Aman group who is also gaining buyer's attention. Also the high initial capital requirements needed for this industry are being taken care of by the competitors by forming joint ventures with foreign investors. Thus exit barriers are high initial capital requirements needed for this industry are being taken care of by the competitors by forming joint ventures with foreign investors. Thus exit barriers are high due to fixed costs and thus this has led to price wars where competitors are constantly cutting prices. In a price Sensitive market this is very crucial.

2. Threat of new entrants:

The industry of thread manufacturing has low entry barriers but high exit barriers. The entry barriers were once high, but due to availability of various financing options such as joint ventures and so on, the high initial capital investment is now not a problem. On the other hand due to the high capital investment is now not a problem. On the other hand due to the high capital investment, companies are not able to leave the industry as easily as it wants. This means they find it hard to leave during bad times and so it leads to overcapacity and depressed earnings for all.



3. Threat of Substitute products:

This industry or segment of the textiles industry has no substitutes. As a result the segment is attractive due to the availability of no apparent substitutes.

4. Threat of buyer's growing bargaining power:

This industry has one biggest threat and that is the increased bargaining power of the buyers. The reason is that they are organized as they all fall under the umbrella of Bangladesh Garments Manufacturing Exporting Association (BGMEA) and thus are concentrated. Also thread represents a significant portion of buyer's cost though it has only a 2% value of the final product which is any garment.

Though a little differentiation is present in thread based on the yarn quality as well as technology used, the low switching cost of the buyers to another supplier and the high price sensitiveness amongst the buyers have led to this industry being a unattractive segment. Another looming threat has been the upstream integration by some of the buyers. One of the biggest suppliers to Wal Mart in South Asia in Nassa Group, who is also one of our biggest clients. Recently Nassa has also developed its own thread manufacturing factory and thus has meant that a new competition had risen.

5. Threat of supplier's growing bargaining power:

Since our suppliers are specified by our group and are also subsidiaries of our global company, the suppliers are mainly internal and as a result the suppliers bargaining power are less for Coats in this segment.



3.1.3 SWOT Analysis

The SWOT analysis of the marketing department can be done, but must also to some extent incorporate the SWOT of the company as a whole, the reason being that this company is market oriented and the main means of getting and retaining clients is through the use of relationship marketing. Thus some of the SWOT analysis of this department also is the SWOT analysis of the company.

➤ Strengths

The strengths of the department are as follows:

- The existence of an efficient sales force. The marketing department has a sales force which is young as well as effective in making sales calls. These sales people are equipped with motorcycles facilitating their sales calls. Also the fact that they have a specific client list; they are expected to make frequent calls thus improving the relationship between them and their clients.
- Excellent customer service. The increase in customer service has been through coordination between the CSO, CO and so with departments leading to lower lead times and effective means of providing service. The concept under promising but over delivering has helped this department to maintain a solid client base thus making the company a market leader in this competitive environment. The improvement in the customer service has been through the decrease in the time needed to cater an order of the customer.



- Low employee turnover in this department which is as low as 5% only, has meant that the people in this department are there to maintain their client base which they have built over the period as well as maintain the relationship marketing.
- They enjoy a comparative advantage in that they have a personal relationship with all the customers as all the team members in each area is involved in the relationship with the customers.
- The human assets in this department are deemed to be high due to their skills and the increased competition for achieving sale target assigned to each area.
- Last but not least, the good relationship marketing that the team has built over the years with the method of using direct sales in person and following up after making the sales has meant that the company enjoys a strong goodwill and it is evident with the fact that they have a high market share and are the leader due to the loyalty of their clients.



➤ Weaknesses

The weaknesses of the department are as follows:

- The department lacks strategic thinkers at present and as a result the vision is not long term. This is evident with the fact that the customer market is ignored even though the prospects are brighter. Also the fact that the company is young meant it needed drivers initially, but now it needs people who can form strategies in the long run. Unfortunately the tunnel vision is there as because the market analysis in terms of introducing new product lines such as interlining and zippers were ignored even though they would have proven successful in the long run.
- The department in times is prone as is the whole company to labor unrest as well as industrial problems. Being a production oriented company; any disruption in the process can lead to stoppage in production. Since the marketing function is based on customer service delivery in terms of lower lead times, this disruption causes them damages as they fail to deliver on time leading to loss in relationship marketing. Since the company does not outsource, the department is prone to these unrests and disruptions.
- One of the major weaknesses of this department is that it has the lack of coordination with other departments. Due to the vigor of its sales team, it pursues sales which in some cases lead to conflict with the manufacturing department over scheduling of the order, with the finance department due to credit limit offered to the clients and the supply chain department over prioritizing the sales order. This leads to conflict with other departments and affects the company as a whole. Also the means of selling in credit practiced in this department has meant that the company has increased risk of having high amount of debtors.



➤ Opportunities

- After the internal analysis of the company in retrospective of the department is done, the external analysis will shed light into the opportunities of the department. The opportunities of this department. The opportunities of this department are:
- Increase in new opportunities for the marketing team to explore new markets overseas. For the industrial sector, the opening of new markets lies in the removal of trade barriers on Myanmar. This has opened of the market for selling both in terms of industrial as well as consumer sector. Also the consumer market is looking at opportunities to take advantage of its low cost production facility to explore at new markets such as SriLanka as well as Malaysia which have higher cost of production.
- There is a great opportunity for the department in trying to use its skills in trying to sell the new production offerings the company is introducing in the market, namely , interlining, zippers and industrial threads. This has given the department newer opportunities to creating relationship marketing.
- The opportunity of catering to the knit sector as well as the European market is a relishing prospect for the department. At one time the ratio of selling to companies catering the US market to the companies catering to the European market stood at 70:30. Now the ratio stands at 40:60. This has meant that the marketing department has met with challenges as well as opened up doors to a prospective market after the post MFA syndrome.
- The scope of branding the products is letting the marketing team an opportunity to exercise its expertise in marketing as the branding strategies if successful will lead to loyalty as well as increase sales.



➤ Threats

The department is not without facing any forms of threats. The main threats faced by the company are namely:

- Increased competition from new multinational, joint venture as well as local thread producers namely A&E, Well Thread has meant that the marketing team has immense pressure to maintain their current customer base and maintain market share. The increase in competition is due to the fact that there are no entry barriers due to lack of any regulations in this industry by the government which promotes export. Also the capital investment is so high that once a company enters this industry it faces barriers to exiting this industry this industry thus causing them to remain in this industry. Also as there are no substitutes for thread as a whole, the industry is attractive to the new potential entrants. Also the fact that there are no existing aggressive competitors means that the industry is attractive. These are some of the reasons why the competition is intense.
- As all the people of this department are becoming senior and are getting promoted, it is becoming difficult for the department to replenish its human resource by looking for new people who possess the necessary skills.
- Regulatory issues issued by the government hamper the lead time as well as service of the company. The backward linkage which supports the forward industry is hampered by these issues such as customs clearance, bond issues leading to immense pressure on the marketing department trying to maintain the customer relationship and management



3.2 Marketing Departments and Its Functions

3.2.1 Business Process

Coats Bangladesh has four main departments for running the business. These departments are Marketing, Supply chain, Finance and HR. First three departments are directly involved in business process. Among these, marketing departments is the biggest and most working department. The total business process is interrelated one another's work. So we can see the total business process of Coats Bangladesh.

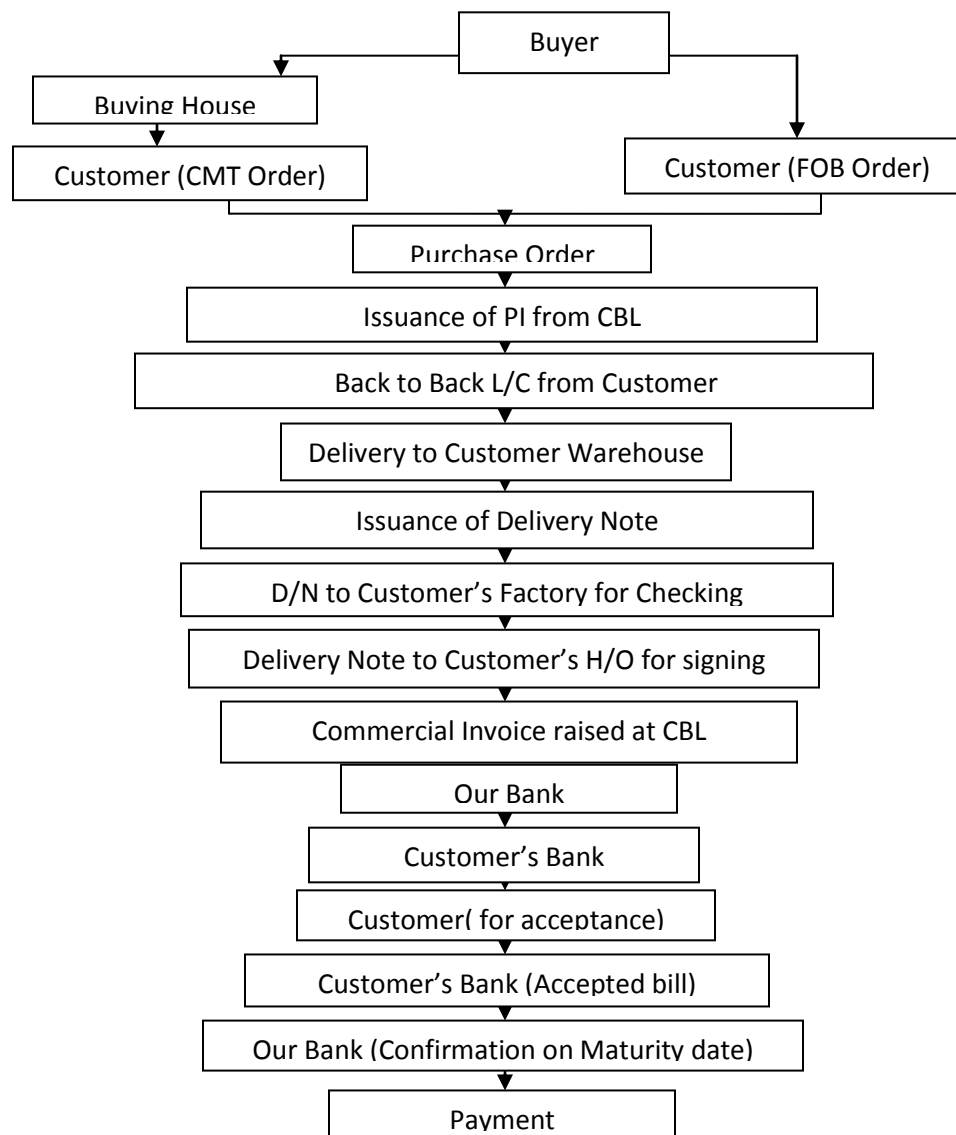


Figure2: Business Process of Coats Bangladesh



3.2.2 Marketing Department

Marketing department is one of the four main departments of the organization. Coats Bangladesh has a huge efficient marketing force which runs the total operation of sales and business of it . It has been working in an organized way to achieve the best in service to solve their customers in satisfactory for sewing thread. Basically the marketing department is divided into two parts:

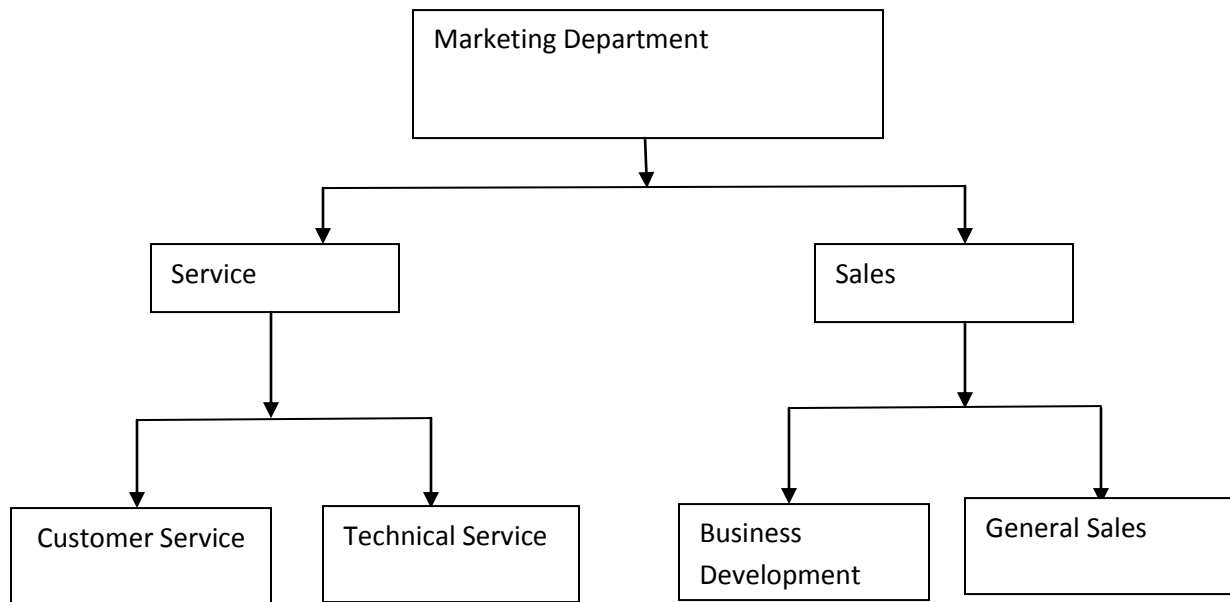


Figure 3: Wings of marketing department

The basic working process of total marketing department is a chained operation. The total chain is based on service. As the total system is connected they use no other separate database but SAP (customizes system database software) for internal information organization and advanced process.



3.2.3 Functions of the wings of Marketing Department

Customer Service

Customer service of coats is a core part of marketing. It is doing the major part of crating or placing orders from sales, link and updating of records for customers till billing. There are several teams' handling different customers with sales in customer service. They reply to the customers' orders, give feedbacks. They are connecting sales and supply chain process by creating or passing orders to supply chain for production process. Other than these wings, there is a commercial team which helps in collection of bills from customer and payment of bank. In the process of marketing, sales, customer service and commercial work all together as a team and business development with technical service are supporting them.

Business Development

All over the globe a business development team of coats offers our renowned Global Retailer Services. These services include everything from offering global color matching capabilities to providing a complete sewing solution. But the most key aspect of this service is that it involves Coats' business development team with garments production at its development stage.

At each geographic location, Coats has a global operation base. The business development team of each of these bases has a Global Key Account manager whose primary function is to work with the world renowned apparel brands that are present in their locality. These GKA managers are involved at the inception stage of the garments where they work in cohesion with the clothing brands and make sure that Coats thread is used in the development phase of the garments. When the garment has been developed and the specific thread type approved, this information is delineated to Coats Global Officers around the world where the actual bulk garments production will take place.



Coats Bangladesh Ltd.

So, here at Coats Bangladesh receive information from foreign counterparts regarding product development and the specific thread type used. Once, receiving this information, CBL communicates with the local buyer liaison office and inform them about this development even before they get this information from the main buyers. They also inform the factories about this possible development and thus in doing so, they “bridge” the gap between buyer and vendor. So, when the actual production takes place, both buyers and vendors are well informed about the style of garments and the specific thread type to be used. This is the story behind how the world’s greatest brands, starting from Levi’s 501s to Abercrombie and Fitch Muscle t-shirts, are threaded with Coats sewing thread and the mammoth contribution the business development teams of Coats units across the world make in threading these brands.

Other than bridging the gap between buyers and vendors, the business development team of Coats Bangladesh Ltd.(CBL) supports the field sales in the ways illustrated below:

A few other ancillary functions of business development team of CBL are organizing customer get-togethers and arranging cricket matches with other corporations- all for better relationship garnering and to take existing relationships to a personal level and beyond on trust worthiness. Business development also does some branding level and beyond on trust worthiness. Business development also does some branding and promotional activities like, yearly dairy, calendars, gifts for vendors and buying houses or buyers’ offices and arrangement of billboard, lift let, poster or magazine advertisements.

Technical Service

The work of technical team can be divided in to two parts:

1. Pro-active
2. Re-active



Pro-active Works:

There are some regular works of technical team like: seminars on customer interests and knowledge on quality of coats threads. All yarns are brought from other coats are checked by QA (Quality Assurance Officer) and technical team work for tests generation, necessity of regular quality experiments and reports. They check the machineries if need to be developed or changed in process of production. They work at the customers end regarding their problems facing with threads or suggestions. They work with unlimited products and make sure of the capacity and quality requirements or types. Technical service gives the basic idea of customer's necessary threads; where, what and how to use varied in types of fabric, purpose, buyer requirements, coats specialties and adjustment to the customer benefits for satisfaction. They check for the customer the quality of thread as wanted by burning, smell etc as required. Again some products are generally beneficial for specific purpose which is also suggested by technical team. Before customer comes for sample order or bulk they may want to get idea of their required of thread in calculative from coats in a piece of garments which is served by technical sales called consumption. After that may other orders will come to coats for their different types of products in bulk.

Re-active Works:

Even though technical team work few regular and pre-ordering jobs but they also give free service to customer and works on factory machineries if any problem arise while production. For quality control and similarity they suggest solution. Sometimes they work in color lab for help in reducing recipe variation and go to the garments to check problems that customer is facing in reactive manner. They give reports on necessary comments and problem solutions for future observation and developments. Technical service is a value added service of coats which is free for customers. They make customers learn how to use coats products, new or old, give advice for coats products that customer can use for his purpose, give judgmental decisions to problems, exchange information with sales and customer service, adjust to the production and supply chain, work in developments. They work at the ultimate sewing solution and best service



in competitive garment environment to prove the efficiency, cost effectiveness and quality by recommendation, pre-production developments of buyer, creating awareness, training, seminar on product features, co-ordination, knowledge sharing, new support to new technology and product . They work at pre-production, production and post-production phase with customers.

Sales

Sales are a major part of coats business process and also in marketing department. After business development connects to the buyers and vendors sales team starts working at the customer end for achieving market and fulfill target of orders. Each team from officer to area manager has some related customers and each month on an average assumption they take target to reach on to that quantity of sales. Sales bring orders by convincing customer in benefits and service. They also contact to new customers, try to keep good relation, give good service, visit and follow up to their orders with priority. They maintain exchanging information about their regarding customers' orders and assure delivery on time. They answer to the customers' problems, convey to customer service and technical team.

Sales is directly connected to the customers or vendors as well as to the customer service in marketing as sales' job is to bring orders from vendors, negotiate announced prices, assure product and convey to customer service for next order placing and production. They make sure of reaching bills, update delivery situation, sending Proforma Invoice to customer from customer service and complete order with customer satisfaction. They get information from customer service and complete service.



3.3 Segmentation, Targeting and Positioning

3.3.1 Market Segmentation

Market segmentation is dividing the total market into some distinctive group with similar characteristics, needs etc. Coats Bangladesh is a company who supply sewing thread to garment industry. Their threads are used to make various garment products. So CBL is on a B2B field. According to Philip kotler, there are four segmentation bases for B2B field.

Let's have a look---

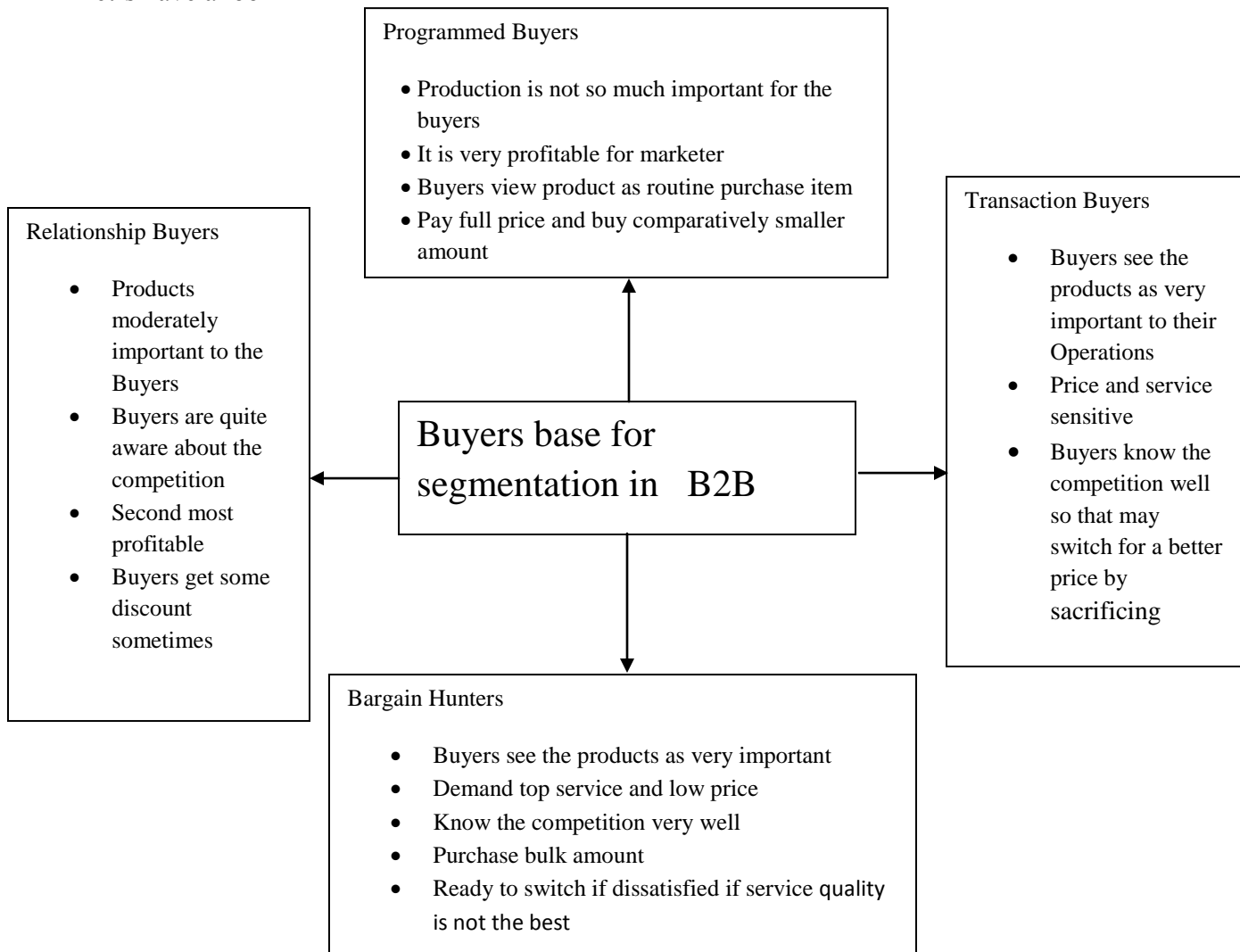


Figure 4: Segmentation base for B2B business



Segmentation base for Coats Bangladesh:

From these four types of segmentation base CBL took bargain hunters. There are some reasons for choosing this - - -

- First and most important thing is, USP of Coats is quality service. Coats never compromise with service. Now, if we see the four bases than we can see easily that Bargain Hunters are mainly fond of service. And they may become dissatisfied switch if service is not good enough. If we think about industrial sewing thread supplying company then we can see easily that Coats is giving the highest quality service.
- Coats are world's largest for supplying as well producing industrial sewing thread. So it is more important get those kinds of customers who purchase bulk amount of product though it is quite less profitable in comparison to small amount selling.
- Bargain Hunters know the competition well and if they are dissatisfied about price and quality, they may switch. CBL maintain the highest quality and service rather than any other of its competitors in large amount of products selling and long term service.

From these words we can easily understand that Bargain Hunters is the most acceptable base for market segmentation of CBL.



Effective segmentation

All segments are not useful for any company. And it will not be very profitable also. A specific way of segmentation should be taken. For example CBL doesn't get those segments which don't seek quality service. For this reason, there are some segmentation variables and by determining them we can easily choose the effective segmentation. According to Kotler and Armstrong, for an effective it should remember that market segment must be measured. Substantial or large and profitable, Accessible or properly and reached, Differentiable or can be differentiated from its competitor's and Actionable. For CBL, We are trying to show their way of segmentation by giving a proper idea about how they meet requirements for effective segmentation variables. Lets have a look



Demographic	<ul style="list-style-type: none">• Industry: CBL serve sewing thread• Company size: Coats is the biggest company or global market leader for sewing thread industry• Location: Coats serve world wide
Operating variables	<ul style="list-style-type: none">• Technology: New and most upgraded technology to ease serving to the customers and remove difficult of customers to use.• User or nonuser status: CBL mainly target heavy customers• Customer capability: CBL serve customers who need more services
Purchasing approaches	<ul style="list-style-type: none">• Purchasing-function Organization: CBL serve the company with highly centralized purchasing organization• Power structure: CBL serve mainly those companies who are high quality seeking• Nature on existing relationship: focused on strong relationship with companies but also serve most desirable companies• Purchasing criteria: CBL serve the companies seek quality
Situational factors	<ul style="list-style-type: none">• Urgency: CBL mainly serve with a minimum lead time but in emergency situation of customers urgent delivery can be made• Size of orders: CBL mainly focus on bulk orders
Personal characteristics	<ul style="list-style-type: none">• Buyer-seller similarity: CBL's sewing thread is used in garment and textiles. So main objectives are quite similar• Attitude toward risk: CBL always wants the customers who want to take risks• Loyalty: It's obvious that expecting high loyalty from customers.

Table 1: Business Market Segment Variable for CBL



From these discussions we have already got a clear idea of Coats Bangladesh Limited that they have those customers who are mainly heavy users of CBL's thread and also those who seek the best quantity and better services. By targeting them CBL can also fulfill their vision because from this market segment a better profit, market share and market size can be gained.

3.3.2 Market Targeting

In the segmentation phase, we have discussed a proper segmentation base and way to effective segmentation. We have found those types of customers for CBL who are highly demandable with the product, seek best quality with a considerable price and mainly those customers who are technologically advanced and purchase bulk amount of product. For targeting a market segments both attractiveness of the segment and proper resources for fulfilling the target segment is necessary.

For effective targeting, we know there are four patterns of target market selection. That are - -

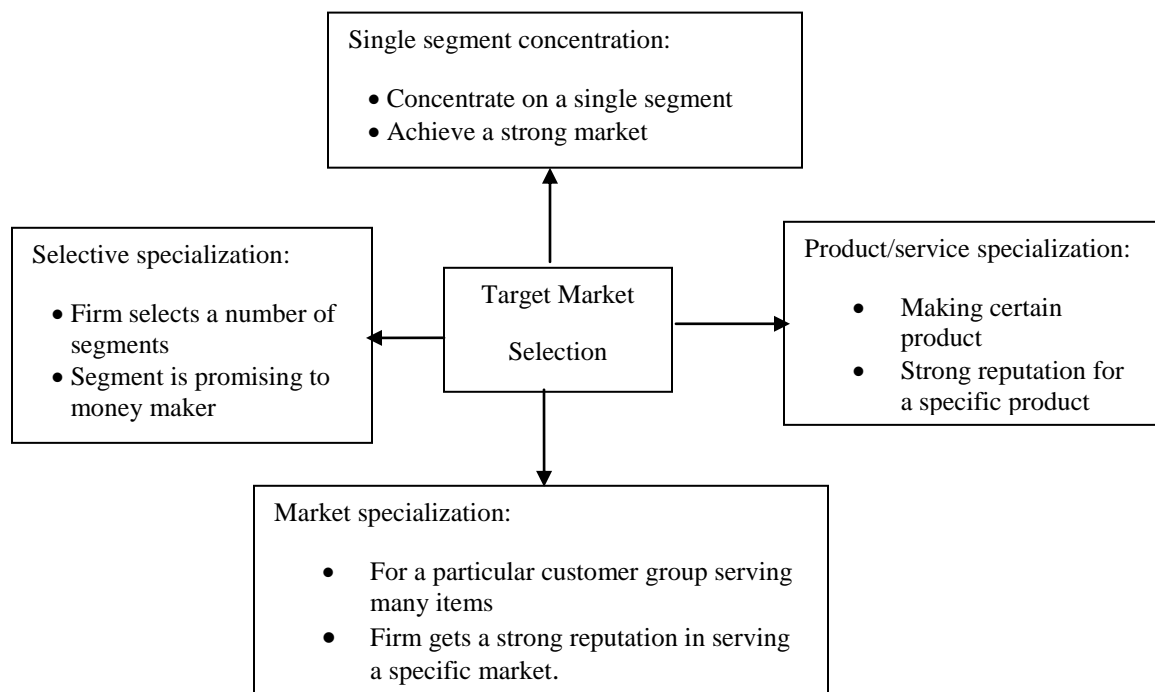


Figure 5: Target market selection



Target Market Selection of Coats Bangladesh

It is discussed that Coats Bangladesh always try to serve the best quality products. So all types of customers are not targeted by coats Bangladesh because its product sometimes is highly priced. So basically, CBL serves to a limited group of customers who seek the best quality. For those types of customers CBL has a huge number of varieties of products with great specialization to those products. For example, for rain Coats Bangladesh has special water repellent sewing thread. By those specialized products Coats Bangladesh has strong market reputation. So for selecting the target market CBL takes the market specialization strategy. Because world reputed brands always want the best quality sewing thread for their product.

Serving to the target market

Philip Kotler & Kevin lane keller (Marketing Management 13th ed) described that for serving to the target market we know a company can undertake four types of strategy. Such as Undifferentiated marketing which is serving product to a large customer base without any differences in product. Another strategy is Differentiated marketing which is serving to the several markets and designing different program for each segment. Other strategy is Niche marketing which is narrowly served segment and last one Micromarketing which is tailoring the offers and marketing to meet the needs of various market segments and niches.

Though CBL serve to a specific market in the sewing thread industry, they have different program and orientation for each customer. They serve to the customer those products actually what the customer does need it. CBL actually is following differentiated marketing strategy for customer targeting.



3.3.3 Market Positioning

Possible competitive advantages for positioning of coats Bangladesh

For identifying the best possible competitive advantages for positioning a product, we know that there are some criteria for this. These are product differentiation, service differentiation, channel differentiation, personal differentiation, image differentiation etc. For CBL, these criteria can be discussed as this way-

Product Differentiation: Coats Bangladesh gives the best quality product it's customers. They always try to retain the superior performance and international standard. So CBL's parameters for serving the sewing thread in Bangladesh can be Performance quality because CBL gives the best quality because for CBL's superior quality and international standard, it can give the assurance about the product, durability and reliability are another parameters which gives a far more differentiation of CBL's product than of it's competitors. Because it is internationally said that for industrial sewing thread Coat's product is most reliable.

Service differentiation: Service differentiates from other product features. Coats Bangladesh, along with the best product, gives some unique service feature also so that customers can differentiate CBL from others of its competitors. Parameters for service differentiation for Coats Bangladesh best Service differentiation: Service differentiates from other product features. Coats Bangladesh, can be describes by delivery, customer training and customer consulting. Delivery perhaps one of the best services of CBL because it has a good supply chain department which takes the least possible time after ordering a product. CBL has a very good business development and technical service wing under marketing department. Mainly technical service team gives a proper training and orientation of CBL's product and they also



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gives a proper training and orientation of CBL's product and they also gives consultancy about any problem about CBL products. So CBL's customer training and Customer consultancy parameters also refers about coats service.

Personal differentiation: Coats Bangladesh has one of best companies of Bangladesh currently if we think about the qualification of employees of an individual company. With a well-educated, well-trained and well-behaved team, CBL is giving the best employee behavior in sewing thread industry. With four major departments- HR, Marketing, Finance and Supply Chain and four wings of marketing dependent-Customer Service, Sales, Business Development and technical sales, CBL's has best personnel differentiation.

Image differentiation: Coats is the world market leader in producing and supplying industrial sewing thread. They have a better image in the international buyers such as Nike, Puma, and Wal-Mart. Sometimes customers directly refer to the buyers to buy Coats thread. Rather than other competitors such as A&E, etafil, Coats Bangladesh gets a huge differentiation.



3.4 Marketing Mix

To influence customer marketing mix is a concept which is regarded as a set of controllable variables at the disposal of customers. It is well known as 4P's or 7P's. For Coats Bangladesh we can determine marketing of them by this way—

Product: Coats Bangladesh offers several types and uses product. Let's have a look-

- Main product is industrial sewing thread which is used mainly in garment and knitting companies for making sewing thread which is used mainly in garment and knitting companies for making various dresses and other thing.
- CBL has unlimited product shades or colors
- In Bangladesh, CBL has 10-12 types of threads such as coats Astra, Epic or Dymax.
- Available in various sizes which is measured by tex numbers.
- Each types of thread can be used in a specific purpose. For example- Coats Epic is mainly used in shirts, Jeans etc. in the other hand coats sylco is mainly used in embroidery garments
- They give the best quality product in the industrial sewing thread industry rather than of it's competitors

Price: CBL has their own pricing strategy.

- Mainly they use value based pricing.
- CBL charge the premium price for their products because they never compromise with quality
- Customer to customers, price can be varied.
- Payment method is through letter of credit and payment always done within 60 to 90 days.
- For the same buyer, both sample and bulk amount's price remains always same.



Coats Bangladesh Ltd.

Place: Placing or distribution policy of coats is done mainly from Gazipur and Chittagong.

- CBL has two factories in Gazipur and Chittagong and a warehouse at Gazipur and Chitagong.
- After completing the thread shading and packing factories send this to warehouses
- From warehouses, company van/ truck deliver the threads to the customers
- All types' official works are done at head office at Tejgaon and Chittagong office.
- Because it is a B2B field, threads are sending to the garments industries.

Promotion: Coats Bangladesh does not use normal promotional strategy like advertising. But they sometimes use billboard advertising at airport area, EPZ area and Gazipur industrial area. They also use some paper advertising but it is not soften.

- CBL's main strategy is personal selling. Through sales force, technical sales and business development team personal communication with the buyers and customers are held. Because in B2B field, it is very tough task to use the common advertising methods.



3.5 Problems of Marketing Process of Coats Bangladesh

Although total process of Coats is under well-organized system and proper indeed as for their image by satisfying customers with trustworthy relationship; there are few deficiencies in work of marketing department which raises problems and errors to the quality of coat's total service and complaints in customer satisfaction. The factors and errors in the process are:

- One of the major problems of Coats Bangladesh is long time. From ordering to the delivery, the lead time of CBL is quite lengthy. It sometimes cause obstructed to the actual production and overall turnover of CBL.
- Sometimes sales team collects so many orders more than the capacity of the manufacturing plant. For this reason sometimes there could be failure to deliver the product. It can causes dissatisfaction toward the customers.
- CBL's price is high. Sometimes so CBL have to remain to such target group who only able and willing to pay the high price. In the other hand competitors of CBL sometimes think that as an opportunity and they grab the market share. Once upon a time CBL's market share was about 55% but now it is only 35%. Other companies took the chance and grab the market share.
- In some cases CBL is still using the manual order processing. It sometimes hampers the reputation of CBL.
- Sometimes lack of combination between the various departments and wings can be seen in CBL. It also hampers the overall process.
- Though Coats ordering process has the most reliability but this process is also a quite hard with a lot of formalities. Urgent delivery sometimes cannot be possible.
- In other countries coats main focus is on consumer market. But in Bangladesh it is quite ignored.



Chapter 4

Findings

- From the report we found that coats total market share and market condition. Though Coats Bangladesh is still the market leader of sewing thread supplying industry in Bangladesh but it is losing its position to some of its competitors. Only 35% of market share is remaining by Coats Bangladesh.
- It has been identified that Coats set its customer base with those types of customers who actually seek the best quality. It also targets those markets that are specialized in serving a particular market not only to a particular product. For positioning Coats has its own product, service image differentiation
- In this report, Functions of marketing department of Coats Bangladesh and its wings is being tried to identify. With a structural way Coats perform its business in Bangladesh.
- Marketing mix of Coats has been identified. We found several category products of coats Bangladesh. We also found promotion policy, pricing policy of Coats Bangladesh.



Chapter 5

Recommendation and Conclusion

Recommendation

After analyzing the total marketing process of coats Bangladesh some problems we already have identified. It has also identified that Coats Bangladesh is losing its market share to some of its competitors.

- By carrying out line balancing in scheduling as it is done in high volume systems.
- Priority rules such as FCFS (First Come First Serve), EDD (Earliest Due Date) can be implemented and enforced while scheduling customer orders to streamline customer service.
- Electronic Data Interchange (EDI) can be implemented to increase productivity, reduction of lead time, inventory reduction, increase accuracy and facilitation of JIT.
- Total Quality Management (TQM) is very necessary for CBL. From management to warehouse's lower level employees, all should follow the
- Coat's USP is quality service. So, price reduction is not possible. But Bangladeshi RMG sector is expanding day by day. New and world renowned many brands are also getting involved with Bangladeshi market. So a better promotional activity is needed.
- For getting the consumer market direct advertising can be used in TV or print media.



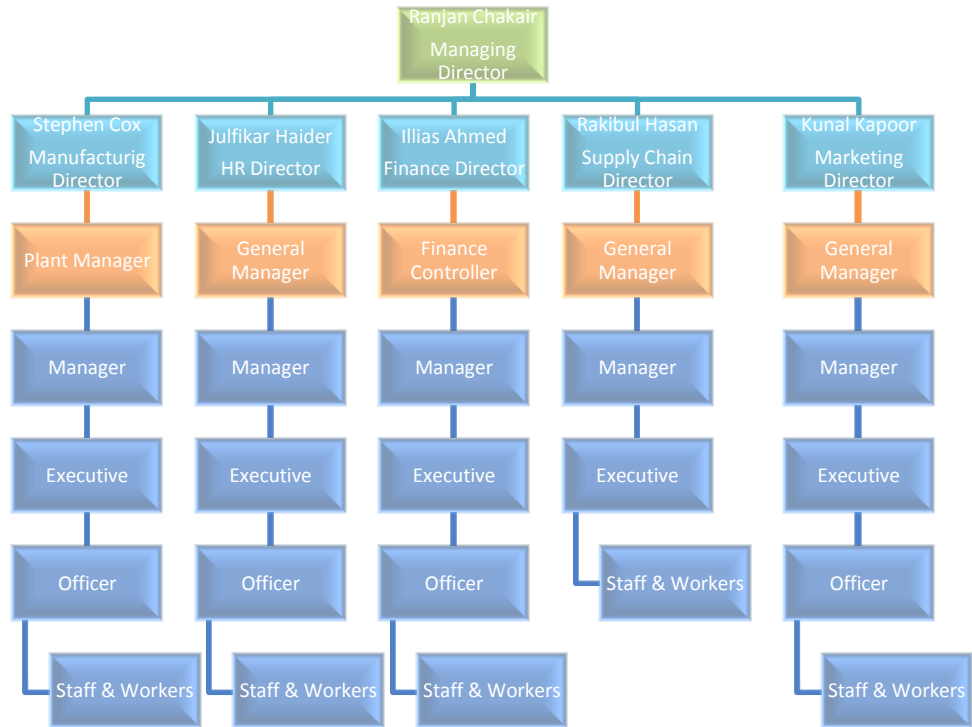
Coats Bangladesh Ltd.

Conclusion

Coats Bangladesh Ltd is operating its business on its reputation, quality service and relationship of direct contacts with customers. It has a good image of providing the best solution to any vendor and availability to buyers any time. With its high quality Coats mainly target those customers who are most quality seeking. As a market leader Coat's is doing what it should do but it should also remain the competition in its mind because it is losing its market share to its competitors. If the total marketing process becomes improved from current situation, than hopeful Coats Bangladesh may regain its position.

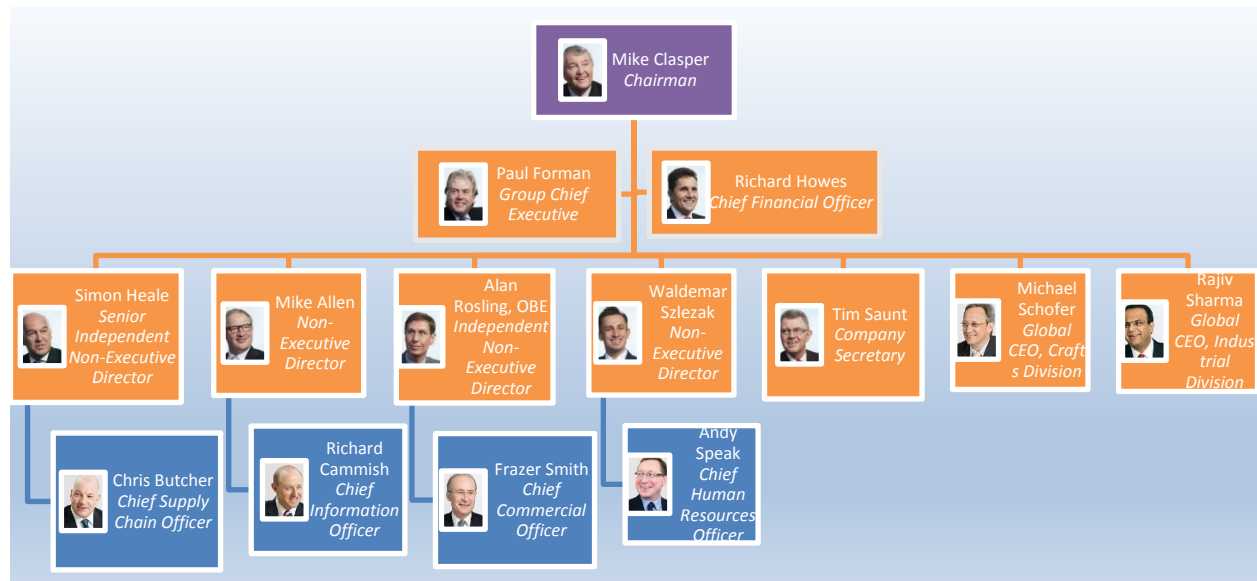


Management Team of Bangladesh





Global Top Management Team





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