

2016

Analysis of the Marketing Landscape of AFA Spring Ltd.

Internship Report



INTERNSHIP REPORT

“ANALYSIS OF THE MARKET LANDSCAPE OF AFA SPRING LTD.”

Submitted to:

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September 06, 2016

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Subject: Submission of Internship Report

Dear Sir,

With due respect, I would like to submit my internship report on **“Analysis of the Marketing Landscape of AFA Spring Ltd.”** prepared as a requirement of the completion of my internship program at AFA Spring Ltd. This report reflects the valuable learning I have gathered during my internship and also the guidance that you have provided at every step during the research. In this report, I have sought to analyze AFA’s current situation in the market, including the products and services it is offering at present. I have also provided a detailed analysis of its competition, and elaborated on the works I have performed during my internship period, and finally structured a set of strategic recommendations based on the research findings.

I sincerely hope that this report fulfills the objectives and requirements of my internship and meets your expectations.

Sincerely,

Bushra Muhsanat Khan

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ACKNOWLEDGEMENTS

I would like to express heartfelt gratitude to every single person who has assisted me in the preparation of this internship report. I wish to thank them for their support, guidance and belief in every step.

Firstly, I would like to thank my organization, AFA Spring Ltd., for the wealth of information that they have provided me with. Without the aid of my colleagues and organizational supervisors, the report could not have been what it is now. Special gratefulness goes towards the colleagues in my department for their constant administrative support, and also the stream of cooperation from the Sales division. My heartfelt gratitude also goes to my supervisor plus line manager Jahir Ahmed for providing finesse in shaping up the strategies.

Lastly and most importantly, I would like to take the opportunity and express my thankfulness towards Mr. Shamim E. Haque for his constant support to the cause of my report. Their suggestions proved to be essential to the completion of this internship report.

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1.0 EXECUTIVE SUMMARY

The word AFA stands for Anis, Faruk and Alamgir, which are the nicknames of the three founders of this company. The three were batchmates at Bangladesh Institute of Engineering and Technology in the 1978 batch. After graduation, all of them went abroad and worked for a few years before returning back to Bangladesh. Thinking of starting something of their own, they looked at the nascent leaf spring industry of the country and saw a window of opportunity. With an initial capital of 25 lacs, they established a factory in Manikganj and began producing leaf springs on a commercial basis. The company had its hurdles early on but soon gained traction and established itself as one of the premier leaf spring manufacturers in the local market. With success from leaf springs, the company soon went on to produce other types of automobile spare parts such as nut gauge, oil filter, air pump filter, brake nut etc.

However, despite enjoying relative success since inception, in the past few years the company has seen its market share decreasing slowly owing to the entry and aggressive marketing of a few new competitors, some with foreign investors, who have come up with innovative product and marketing strategies to grab share in this competitive industry. AFA Spring Ltd. lacks a proper marketing department, marketing data and statistics. Till present, not enough focus has been given towards understanding the market, the target group, their needs, and the competitors' profile and so on. Because of these gaps of knowledge, the company is not being able to anticipate the market needs, the changing scenario in the industry, the moves of its competitors etc. and these are leading to reduced revenues, growth and market share. To reverse this trend, this project has undertaken an analysis of the marketing landscape of this industry in the country.

2.0 INTRODUCTION

2.1 Origin of the Project

BRAC University, one of the leading educational institutions of the country, stipulates as part of its BBA program for the students in the program to engage in a ten weeks long internship at a chosen organization. At the end of this internship, the student is required to present a report on his experience in the organization and a particular aspect of the organization he has worked on, or would like to improve, or a proposal that he feels would add a new dimension to its business.

Internship is a highly valuable experience opportunity for any student, especially someone studying BBA and who wishes to enter the corporate world. Some students join internship programs during the course of their undergraduate education, usually during summer or winter breaks, to get a feel of how the corporate world runs and what skills they need to hone to excel there. On the other hand, most universities offering BBA programs mandate an end-of-graduation internship so that their students get to experience the corporate track at least once before they head out into the job market. This experience also puts into test what they have learned throughout their time at the institution, and the eventual evaluation is a basic representation of whether they have managed to apply their theoretical learning in a real-world environment.

2.2 Introduction to the Project

The report is concerned with the marketing environment of AFA Spring Ltd., which is one of the leading manufacturers of leaf springs and other automobile spare materials in the country. AFA Spring started its journey in 1979, and from there on has gone from strength to strength to become a premier leaf spring manufacturer that serves over half a million automobiles annually. However, despite enjoying relative success since inception, in the past few years the company has seen its market share decreasing slowly owing to the entry and aggressive marketing of a few new competitors, some with foreign investors, who have come up with innovative product and marketing strategies to grab share in this competitive industry. AFA Spring Ltd. lacks a proper marketing department, marketing data and statistics. Till present, not enough focus has been given towards understanding the market, the target group, their needs, the competitors' profile and so on. Because of these gaps of knowledge, the company is not being able to anticipate the market needs, the changing scenario in the industry, the moves of its competitors etc. and these are leading to reduced revenues, growth and market share. To reverse this trend, this project has undertaken a 360 degree analysis of the marketing landscape of this industry in the country.

2.3 Problem Statement

There is absence of marketing analysis done by AFA Spring Ltd. to understand the marketing dynamics of the leaf spring industry of Bangladesh. This is causing losses in revenues and reduced market share for the company. To rectify this gap of knowledge and help reverse this situation is the purpose of this research.

2.4 Objectives of the Project

2.4.1 Broad Objective

To undertake analysis of the marketing landscape of AFA Spring Ltd. and the leaf spring industry of Bangladesh, and formulate actionable recommendations to rectify the marketing strategy of the company.

2.4.2 Specific Objectives

1. To present a basic overview of the leaf spring industry of Bangladesh.
2. To identify the proper target market for AFA Spring Ltd.
3. To map the profiles of the competitors in the industry.
4. To formulate recommendations to improve the marketing strategy of the firm.

2.5 Timeline

- I. **Week 1:** Formulation of project outline and secondary research
- II. **Week 2 and 3:** Pre-testing and qualitative interviews
- III. **Week 4:** Analysis of Findings
- IV. **Week 5:** Preparation of Final Report

2.6 Limitations

1. Some of the competitors were not willing to disclose enough information to aid in the project findings.
2. There was an extreme lack of adequate secondary information on this industry, which hampered in the research process.

3.0 METHODOLOGY

3.1 Collection of Data

3.1.1 Primary sources of data

The primary sources of data for this research includes a host of informal interviews taken place with officials at AFA Spring Ltd. to gather relevant information regarding the firm, its structure, current strategies and also a holistic overview of the leaf spring industry in general. The qualitative research also featured constructive interviews with the following groups:

1. **Industry players:** Aside from AFA, the two other major firms in the leaf spring industry of Bangladesh are Simplex and Ceylon Auto Industries Private Limited. Senior officials from both these organizations were interviewed with open-ended questionnaire to improve the research's understanding of this industry.
2. **Distributors:** To better under the leaf spring market for fulfilling the objectives of this research, a total of 16 distributors in the Dhaka location were interviewed with open-ended questionnaire.

3.1.2 Secondary sources of data

Newspaper reports and website data banks were the sources of secondary data in this study. Some academic journals were also consulted. The annual report of AFA Spring Ltd. has also been used.

3.2 Sample Size

For interviewing the distributors, the sample size is 16.4

3.3 Sampling Technique

Non-probability sampling has been used for the convenience of this research. As per sampling techniques, it was a mix of convenient and judgmental sampling. This is because time constraints did not allow a more sophisticated sampling method.

3.4 Pre-testing

To fine-tune the questionnaire so that it helps find the right answers in line with the research objectives, pre-testing was performed with a handful of initial respondents.

4.0 COMPANY OVERVIEW

4.1 History of AFA Spring LTD.

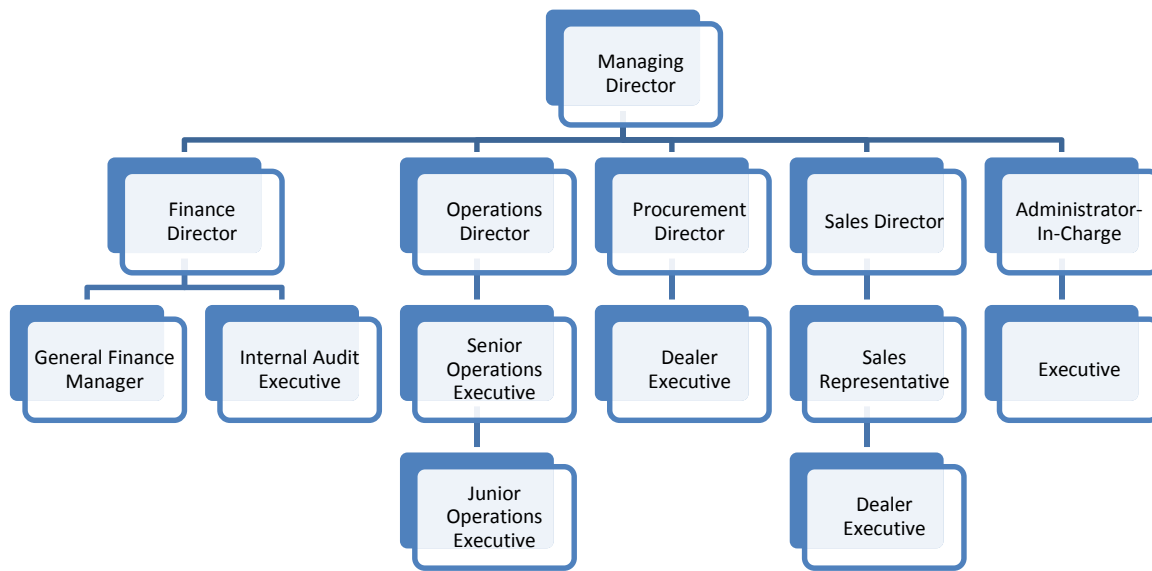
The word AFA stands for Anis, Faruk and Alamgir, which are the nicknames of the three founders of this company. The three were batchmates at Bangladesh Institute of Engineering and Technology in the 1978 batch. After graduation, all of them went abroad and worked for a few years before returning back to Bangladesh. Thinking of starting something of their own, they looked at the nascent leaf spring industry of the country and saw a window of opportunity. With an initial capital of 25 lacs, they established a factory in Manikganj and began producing leaf springs on a commercial basis. The company had its hurdles early on but soon gained traction and established itself as one of the premier leaf spring manufacturers in the local market. With success from leaf springs, the company soon went on to produce other types of automobile spare parts such as nut gauge, oil filter, air pump filter, brake nut etc.

One of the main reasons for AFA to venture into leaf spring business is the prevalence of a large number of importers, which they felt raised prices to unacceptable levels. AFA figured that by producing leaf spring locally and importing just the main raw material, it could undercut the importers dramatically and also maintain better quality. AFA was not the first local manufacturer, but when it started business it had little knowledge of its local competitor. That is because, like now, raw data on this industry was still quite hard to find.

4.2 Organogram

The central figure of AFA's organogram is the Managing Director who retains overall supervision of the day-to-day activities of the company. Under the MD, there are four directors each in their specialized department with adequate manpower for the smooth running of those departments. The Administrator-in-charge is a pseudo HR personnel who takes care of all HR activities as well as admin duties in the company. There are about 26 employees in the management level of the firm, while the factory in Manikganj has 17 workers as well as one Factory Manager.

It is important to note the absence of a Marketing department in the organization. According to the MD, the marketing activities are performed by the sales department.



4.3 Guiding Statements

4.3.1 Vision

To become the most preferred leaf spring manufacturer and seller in Bangladesh

4.3.2 Mission

To achieve the company's vision of becoming the number one leaf spring manufacturer not just in terms of market share, but by also being the best employer of choice with up-to-date information and products designed to address the ever-changing demands of the country.

4.3.3 Purpose

The purpose of AFA Spring Ltd. is empowerment of consumers and giving them the tools to make their lives better. In the company's words, as shown in the annual report:

"We are there for you, where you want and in the way you want, in order to help you develop, grow and make the most of your lives through our services. We will keep our promises and deliver. We will innovate, execute fresh ideas and as a nationwide organization, we will be respectful of our customers and stakeholders."

4.3.4 Principles

AFA has a set of principles that are meant to guide its employees, top to bottom, in relation to how they will conduct amongst each other and also to the other stakeholders of the firm. The principles

embody AFA's belief in openness, trust, compassion and in creating a thriving office culture of mutual respect and cooperation. These principles also include being ethical in every business decision, conducts based on fairness and equity, boldness in seeking innovation and providing the best value to the consumers.

The most important element in the principles eschewed by AFA is delivering excellence in consumer satisfaction. While most companies profess the same value, they do not necessarily prove that through their actions. AFA strives to stand out differently in this area by paying special attention to each customer touch point, especially the golden touch points where critical decisions are taken by the consumer.

4.4 Product Overview – Automobile Leaf Spring

4.4.1 Introduction to Automobile Leaf Spring

Automobile leaf spring is one of the most important components in an automobile vehicle. Springs are placed between the road wheels and the body in an automobile, when wheel comes across a bump on the road it rises and deflects the spring, thereby storing energy therein. On releasing, due to the elasticity of the spring material, it rebounds thereby expending the stored energy. In this way the spring starts vibrating with amplitude decreasing gradually on account of internal friction of the spring material and friction of the suspension joints, till vibrations die down. The demand for automobile leaf springs is increasing as there is O.E. market and Replacement market for these items as they are frequently replaced.

4.4.2 Types of Leaf Spring

AFA primarily produces three types of leaf springs that serve a variety of automobiles. The elliptical leaf spring is produced most often and serves the highest number of customers. It is suitable for vehicles of above 3000 cc, trucks and buses. The semi-elliptical leaf spring is more suitable for smaller vehicles. The transverse leaf spring of dual variety is produced for cars and certain buses.

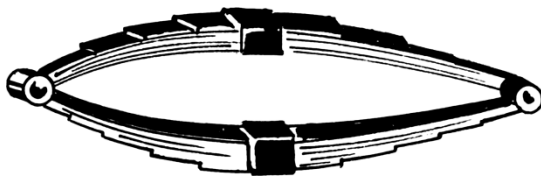


Fig: Elliptic Leaf Spring (Primary Product Type)

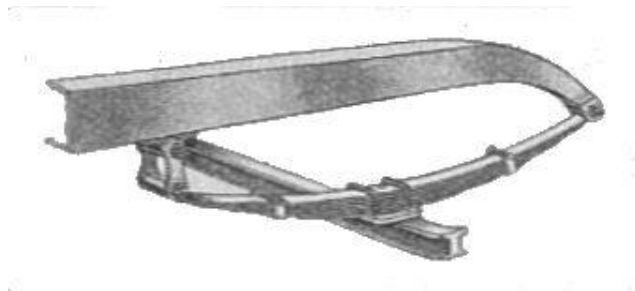


Fig: Semi-Elliptic Leaf Spring

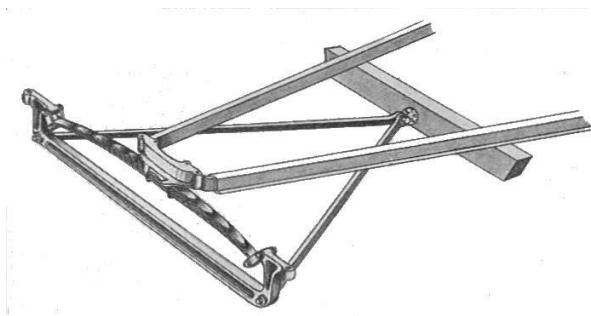
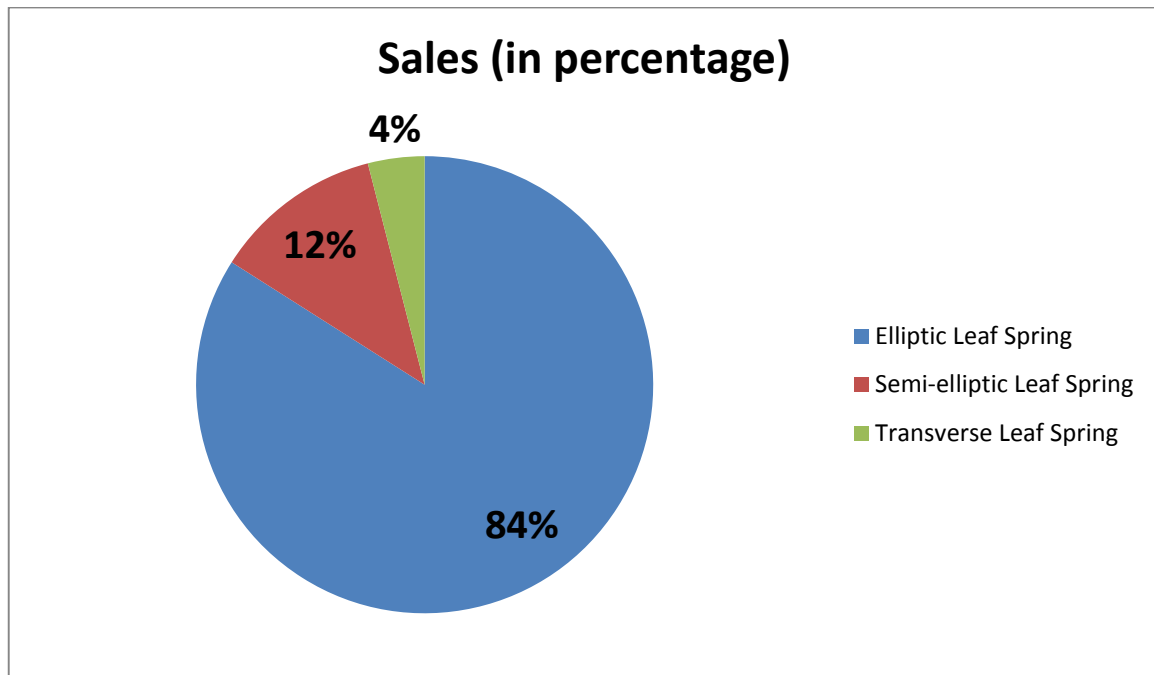


Fig: Transverse Leaf Spring

AFA was not willing to reveal the actual sales figures of its different product types, but the research managed to gather information regarding the percentage distribution of the product types which can yield important insights into the dynamics of the overall leaf spring industry. As the chart below shows, 84% of the production of AFA is for elliptic leaf springs, which means trucks and buses are the most important target group for the company. Sales of the other types are not as high as large-scale production of these varieties requires a different set-up, and they are not as profitable as elliptic leaf springs. The competitors of AFA in the market, CIAL and Simplex, also do not produce other type of leaf springs in high quantity. For the market to meet demand for transverse leaf spring and semi-elliptical leaf spring, the importers are the main source of supply. In the past, prices paid for these two variants were substantial and as such, production by the local manufacturers was higher too. But rising prices of local cars, addition of higher and higher taxes and more competition by local importers pushed the prices to rock bottom level. For a brief period, there was a price war but now the big players have reduced importance to these two product types. The ultimate winners in this case are the consumers. Elliptical leaf springs have good

profit margin, however, as quality has been maintained by local manufacturers and the public sector, one of the chief consumers, tend to pay well.



4.4.23 Uses and Specifications

A Leaf spring generally consists of 4 to 21 leaves including the main leaf or mother plate. The length of the main leaf varies from 650 mm to 1550 mm between the centres of the two eyes. The width of the leaves varies from 35 mm to 75 mm while the thickness varies from 5 mm to 12 mm. The main leaf is formed into eyes at the ends to support the shackle pins where as the other leaves are flat and are arranged in descending order of length to provide proper spring action. The leaves are bolted together in the middle by a centre bolt and clamps are fitted suitable intervals to hold the leaves in proper position.

BSTI has prescribed necessary standards under IS-1135 for Automobile Leaf Springs.

4.4.4 Manufacturing Process

The exact scientific manufacturing process for leaf spring is complex, and beyond the scope of this research. However, a snapshot of the process can be helpful towards understanding the product better. The chief raw material, EN-45A flats, is sourced from China, but some elements are also sourced locally. At some point in the past, raw materials in China became expensive so AFA began importing from India instead. But the government soon levied taxes on imports from India, so the competitiveness was lost. AFA has multiple import contacts in China but lacks a feasible alternative at the moment, which can be a threat to its business as some sudden problem in China can dramatically affect production.

The manufacturing of Automobile leaf springs involves the following sequence of operations:

Purchase of EN-45A flats and cutting to size

/

Drilling the holes and punching

/

Heating to 950° C for eye forming on main leaf

/

Eye forming on hand operated eye forming machine

/

Heating to 920-950 o C o in oil fired furnace for camber forming as well as hardening

/

Quenching into quenching oil tank for hardening

/

Tempering at 450°-550° C

/

Rectification for distortion for the spring

/

Camber adjustment on power press removing burs by files, emery paper/wheels finish fittings

/

Eye grinding on pedestal grinder

/

Fitting of bushes on main leaf

/

Assembling of the leaf for making sets

/

Load testing

/

Painting and dispatching

After the last step, the final product is packed and sent for delivery to distributors. Quality testing is done periodically on a batch by specialized outsourced inspectors.

4.4.5 Raw Materials for Production

The raw materials required for manufacturing Automobile Leaf Springs are spring steel flat varieties of EN-45 -A or EN-47 of suitable widths and thicknesses. The other major materials are bushes, centre bolts, nuts, clamps, and pins, and various other tertiary components. Many of them are sourced from local dealers, but the bulk of the raw steel flat is imported from China.

4.4.6 Market Potential

There are two types of demand for Leaf springs:

1. O.E demand
2. Replacement demand.

The O.E demand will increase with the production of original vehicles. The replacement demand is dependent on the wear and tear and replacement of the vehicle owners as this is critical equipment and replacement is essential to run the vehicle. Therefore, going forward the replacement demand is bound to increase. With the setting up of major automobile projects in the country namely Impress Group, Hyundai Motors, Mitsubishi and with expansion plans of Ashok Leyland & TATA, there is tremendous growing demand for these product variations that AFA can exploit. AFA has always been a fore-runner in the industrial process, both in terms of industrial output and also terms of encouraging various new large-scale projects. Having recorded an impressive growth industry in the post-reform span; it is poised for further industrial development and expansion.

4.4.7 Distributor Network

The business is primarily geared towards having a large distributor network who will then sell the products either directly to businesses or to individual dealers. In most cases, a single distributor carries the products of multiple producers for the same category. It is difficult for a firm to push its products to fill the entire inventory of a distributor, because the distributor wants to have product versatility. AFA Spring maintains liaison and conducts business with over 10,000 distributors from around the country. Commissions are the only incentive program to stimulate sales from the distributors' side.

4.5 SWOT Analysis of AFA

Strengths

1. Decades of experience in the leaf spring manufacturing sector
2. Perception of quality amongst distributors and consumers
3. Strong dealers' network
4. Price less expensive compared to Simplex and CIAL

Weaknesses

1. No marketing focus or department in the firm.
2. Too much concentration of management in central Dhaka.

Opportunities

1. Rising costs of importing finished leaf springs.
2. Falling prices of raw materials.
3. Abolishment of small market players due to low profit margins.

Threats

1. Possible tax to be imposed on this sector next year.
2. Dearth of skilled workforce.

5.0 PROJECT FINDINGS

As part of the objectives in this project, upon qualitative interviews with competing firms in the industry as well as distributors, a holistic information regarding the marketing landscape of the leaf spring industry in the country. These findings can be of great aid to AFA in improving their understanding of the marketing scenario of the industry, as well as formulate better marketing strategies of their own.

5.1 Overview of Leaf Spring Industry

The leaf spring industry in Bangladesh was completely import based since 1971, with a handful of local importers engaged in bringing the finished products from China and Taiwan. The prices of these leaf springs were prohibitively high, as a result of which the automobile market remained small for quite a few decades. However, towards the later part of the 1970s, the first local company to take note of a scope for local production of automobile leaf springs is Simplex Limited. Simplex performed some calculations and found out that by importing only the raw materials from China, and producing the leaf springs locally, Simplex can not only undercut the importers dramatically but also earn of a net profit margin to make the investment feasible and sustainable. Setting up a factory in Nilphamari, they began producing leaf springs commercially in 1979. AFA Spring Ltd. entered the market in the next decade, and by the early 2000s, the market saw competition between three large players including Simplex, AFA Spring and Ceylon Auto Industries Private Limited. Some other small players are also engaged in production in limited scale, while two importers are currently engaged in bringing the finished goods from China.

5.2 Competitors' Profile

As already discussed, the market is dominated by three large players: AFA, Simplex and Ceylon Auto Industries Private Limited.

Ceylon Auto Industries Private Limited

Established in 1988, Ceylon Auto Industries Private Limited (CAIL) is a pioneer in the manufacturing of automotive leaf springs being the first company to venture into the production of auto parts in with foreign collaboration. Ceylon Auto Industries (Pvt) Ltd. is today a major local producer of high quality Leaf Springs catering to high end automotive companies across the country. CAIL is also the

proud market leader of its flagship product; the "Victory Leaf Springs"- a brand that has led the Leaf Spring market for over 15 years.

Ceylon Auto Industries Private Limited operates on the ethos of being a truly strategic supply chain provider to its customers. Its definition of 'strategic' embodies the following 5 key advantages in every supply chain solution it provides;

1. Cost Advantage
2. Speed-to-market Advantage
3. Logistics Advantage
4. Innovation Advantage
5. Social Responsibility Advantage

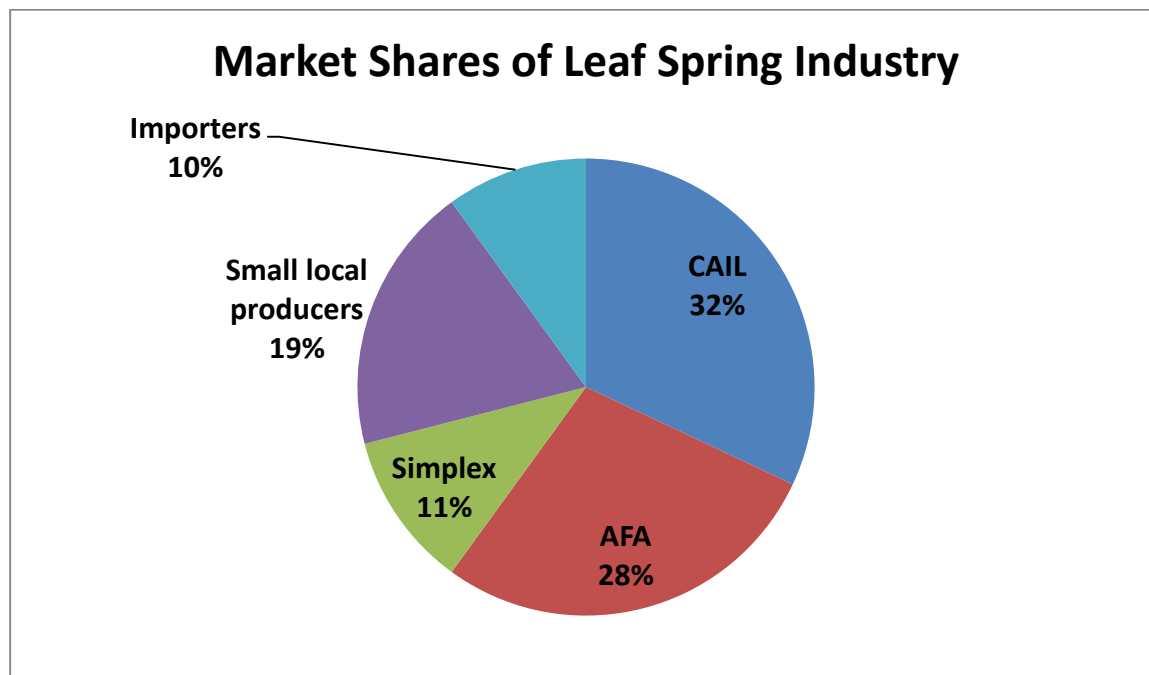
CAIL produces four types of leaf springs in the market, but like AFA the majority of sales come from Elliptic leaf springs.

Simplex

Simplex began its journey in 1979. The years that followed saw Simplex setting many milestones in the local and even regional arena. Simplex was the first company in Bangladesh to manufacture automotive Leaf Springs, and also the first company in Bangladesh to commercially export automotive components. In addition to this, Simplex was also the pioneer at the time in South Asia to start a plant for Leaf Springs with Japanese technical collaboration using some of the best state of the art machinery of the time. As the years went on, Simplex grew from strength to strength under its current Chairman/Managing Director, Mr. Muid Hasnat. Whilst they were also the first Bangladesh to manufacture automotive filters (Micro Auto Products), the firm also diversified business interests into plastics, real estate, apparel manufacturing, and fleet management.

At the turn of the millennium however, Mr. Muid Hasnat realized the need to focus on and develop Simplex's core competencies of automotive component engineering and manufacturing, and thus consolidated the company's business interests into 3 main segments; Automotive Component Manufacturing and Exports (Simplex), Automotive Component Trading (Hasnat Automotives), and the firm's real estate investment arm (Anondo Developments).

5.3 Market Positions



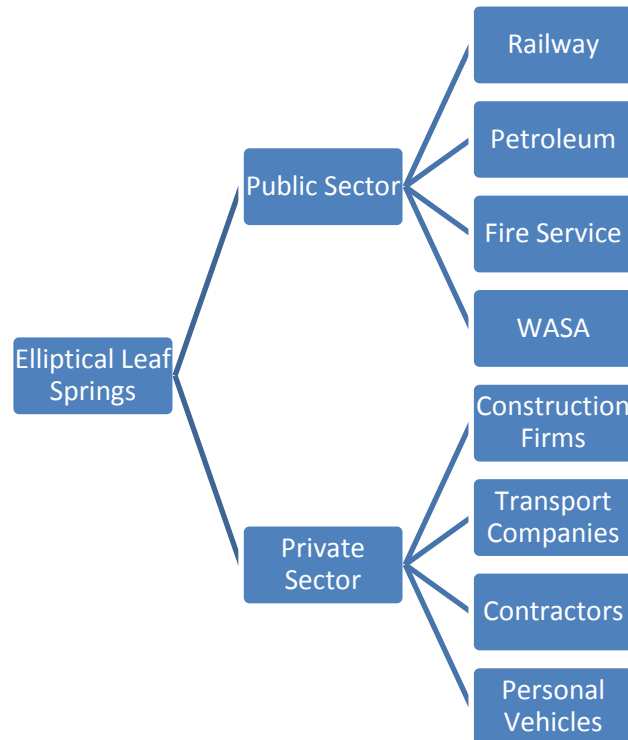
As can be seen from the chart above, the leader in the market is CAIL with a massive 32% share. Though they have entered the market last, innovative production process, clever marketing and huge investment has allowed them to push to the top of the market ladder. CAIL uses its distributor strength in pushing its product deeply into the dealers' network. For example, it offers the highest commissions to its dealers and distributors for successful sale of its product. Annually, it hosts a "Dealer's Gala Night" in a upscale hotel where large feasts are served, and singers and performers come to entertain. CAIL also provides loyalty bonus to dealers and distributors for continuous service to the company

AFA occupies the second position in the market, even though it was the market leader just a few years ago. This is because AFA has failed to adapt to the changing market scenario and dynamics of the industry. If AFA does not rectify itself, soon it will lose more market share to CAIL and Simplex, the latter of which is also engaging in marketing in the community.

It is important to note that due to absence of concrete data from any official sources, and refusal by all of the firms to reveal sales figures, these percentages have been gathered by averaging the estimates from the market players and also the distributors interviewed for the research.

5.4 Market Segmentation

Since the market is predominantly comprised of sale of elliptical leaf springs, the project will focus on the market segmentation and targeting for this category of the product. The key to success in this industry is in making the elliptical leaf springs as prominent and quality-driven as possible to capture maximum market share.



The market segmentation for leaf springs is not conventional. This is because leaf springs are not bought based on an individual's psychology, behavior, taste etc. In most cases, these are B2B businesses in which purchase is made on the basis of price and quality. For personal vehicles, the use of elliptical leaf springs is extremely limited, and the decision makers are the mechanics. For this reason, segmentation is done on the basis of public and private sector, and then further segmented on the basis of the consumer groups in each sector.

Public Sector

Use of elliptical leaf springs is quite prominent in the public sector, as the government habitually uses large vehicles like trucks and tractors for various public works.

- **Railway:** One of the most lucrative uses of leaf springs in this sector is in the country's railway. A huge amount of leaf springs are required annually by the Bangladesh Railway, but the lion's share of it is imported from abroad while a small portion is supplied by CAIL. The reason much of the leaf springs used in the railway is imported is that the government perceives the local products to be of inferior quality. There is a certain risk in using substandard leaf springs in the trains which can cause threat to life; as such the government is reluctant to take risks.
- **Petroleum:** The oil trucks used to transfer oil from one place to another are also customers of elliptical leaf springs. There is a great number of oil trucks in strategic locations around the country.
- **Fire Service:** Although not as lucrative as the railway, the fire service is also an important source of revenues for any leaf spring manufacturer. Currently, there are an estimated 47,500 fire trucks around the country, and leaf springs have to be changed every 3-4 years, so the demand is substantial. Most of the demand in this sector is met by AFA Spring and CIAL.
- **WASA:** Large water tanks and trucks are used on a regular basis for sending water across different parts of the country. Elliptical leaf springs are used for these vehicles as well.

Private Sector

The private sector is by comparison the larger consumers of the leaf spring market, but they have a larger quantity of stakeholders to be managed.

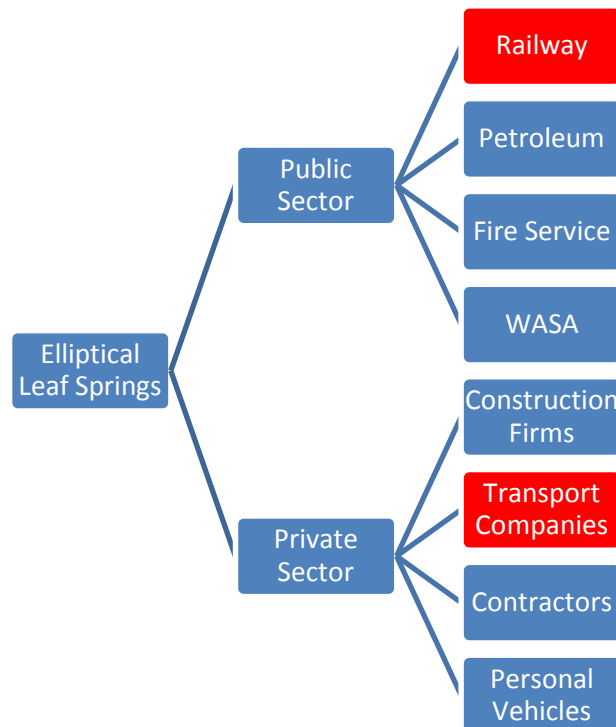
- **Construction Firms: Heavy equipment** refers to heavy-duty vehicles, specially designed for executing construction tasks, most frequently ones involving earthwork operations. They are also known as heavy machines, heavy trucks, construction equipment, engineering equipment, heavy vehicles, or heavy hydraulics. They usually comprise five equipment systems: implement, traction, structure, power train, control and information. All these vehicles require the use of sturdy leaf springs.
- **Transport Companies:** Hanif, Shohag, ENA, Shyamoli Paribahan etc. are examples of some of the largest transport firms in the country. They have an extremely extensive fleet of buses which

require leaf springs. This is a highly lucrative sector but it is subjected to a price war between AFA, Simplex and CIAL. No single firm is being able to dominate sales in this field.

- **Contractors:** A small market segment is formed by the contractors, who use heavy-duty vehicles for construction works.

5.5 Target Market

Now that the market has been segmented properly, it is important to keep in mind that trying to target all segments, even if lucrative, will not yield desired benefits as marketing expenses and other costs for catering to each and every segment will be huge, and the messaging will be dispersed. The best strategy is to identify target segments that fit most effectively with the overall strength and strategy of AFA Spring.



In the above figure, the red zones are the segments that AFA Spring should target immediately as part of its marketing strategy. The rationale for targeting Railway is because one single contract with the railway can help score millions of dollars worth of revenue for AFA. Plus, according to the distributors the quality of AFA leaf springs is the best in the market, so if AFA can convince the

government of the quality of its product, it can take away share from imports which is becoming expensive and would thus become less attractive to the Bangladesh Railway.

On the other hand, in the field of public sector, AFA should target the transport firms like Hanif, ENA etc. to pursue sales of its elliptical leaf springs. This is because AFA already has a good understanding with these companies and has been selling them leaf springs for years. Instead of trying to earn new clients which can be expensive, AFA should increase its sales to such existing clients by leveraging its relationship with them. Retaining an existing client is always far cheaper than adding a new one. AFA can stimulate higher sales by offering discounts for bulk purchases, or free replacements for a limited period. Warranties have been known to be quite popular in this business, so that is a scheme AFA can look into.

5.6 Recommendations

Based on the findings of this research, the following recommendations should immediately be adopted by AFA to regain market share in the industry:

1. Development of Marketing Division

AFA needs to understand that sales and marketing is not the same subject. For a business to succeed, the product or service it provides must be known to potential buyers. Unless its business is known in the community and has communication with customers readily available, AFA has to use marketing strategies to create product or service awareness. Without marketing, potential customers may never be aware of AFA's business offerings and its business may not be given further opportunity to progress and succeed.

2. Incentive program for distributors

The distributors are ultimately responsible for selling the leaf springs to businesses and end consumers, so they have to be properly incentivized. Aside from commissions, AFA should arrange a number of programs for its venerable dealers in different regions. In Dhaka, a spectacular Dealers Night program can take place accommodating around 450 dealers to enjoy the program featuring brilliant performances by renowned artists and various other attractions. Dealers and their family members from Bogra, Rajshahi, Rangpur, Feni, Chittagong & Sylhet, which are commercially important regions, should be invited to the Regional Dealers Family Night Programs. Magnificent cultural shows, raffle draw programs and dinners can be the

attraction in these places. Another scheme could be to reward the highest grossing distributors by, say, a trip to Thailand.

3. Trade Marketing

Trade Marketing is a marketing discipline that relates to increasing demand with supply chain partners, such as distributors, wholesalers and retailers, rather than at the consumer level. It is not a replacement for brand marketing, but a complementary process by which a firm enables consumer access to brands through distribution. In short, trade marketing is the process by which AFA can ensure available supply to meet the consumer demand created by its brand marketing. AFA should engage in trade marketing by distributing various POS materials, leaflets, themed notebooks, signboards etc. for its most important dealers and distributors.

4. Functional Website

Now-a-days it has become critically important for any modern business to maintain at least a static and functional website. AFA, despite being in business for decades, has no website of its own. This website is not meant to drive sales directly; the idea is that the website will give a quick opportunity for any individual or business to learn more about AFA and its products so that their purchase decision is made easier. The website should have details of AFA, how it began, its product offerings, the awards it has won, and most importantly, a list of distributors selling AFA products and their locations.

6.0 Conclusion

Though the path ahead is fraught with challenges, AFA Spring Ltd. has been enjoying phenomenal success in the industry for decades. AFA can leverage on its past success factors, and improve its marketing tactics, to gain better market share and reclaim its top spot in the competitive local market. As part of future prospects, it can even look into exports of finished goods.