

Case Study on Brand Equity –
Apex Footwear Limited, Pricing and Promotion





Internship Report

CASE STUDY ON BRAND EQUITY – APEX FOOTWEAR
LIMITED, PRICING AND PROMOTION



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BRAC BUSINESS SCHOOL

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Letter of Transmittal

06th December, 2016

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Lecturer, BRAC Business School

BRAC University, Bangladesh

Subject: Submission of Internship report “Case study on Brand equity – Apex Footwear Limited, Pricing and Promotion”.

Dear Sir,

I am taking this opportunity to submit the report “Case study on Brand equity – Apex Footwear Limited, Pricing and Promotion” as a requirement of my internship at Apex Adelchi Footwear Limited under the BBA Program of BRAC Business School, BRAC University.

I worked as an intern in the International Business Department of this organization for three months. During this internship period I have learned various theoretical and practical knowledge about the production process, sampling, order management and branding. But one of my core job was to work on the analyzing the pricing pattern as well as promotional activities. In spite of having a good brand value Apex Footwear limited is still weak in terms of creating brand equity compare to their competitors. So I have conducted a secondary research based on available data from different sources and came up with some necessary analysis that can create a good flow of brand equity for the company. Moreover, It has been a very interesting and enlighten experience for me to work in Apex Adelchi Footwear Limited (Head Office).I have tried my level best to reflect my three months long work experience in this report and also tried this report make a successful one.

Therefore, I would like to express my sincere appreciation to you for your kind guidance and suggestions in preparing this report. It would be a great honor for me if you find my report resourceful and effective to have an idea regarding brand equity of the company.

Sincerely yours

RAFIUL RIASAT IQBAL

ID#12304056

Acknowledgement

Firstly, I would like to thank The Almighty Allah for this report. I would like to thank my faculty advisor, honorable lecturer, Mr. Md. Fazla Mohiuddin for his absolutely appropriate guidance, endurance and valuable instructions by which I am able to come up with a resourceful internship report. I would also like to thank my organizational supervisor, Deputy Manager at Apex Adelchi Footwear Limited, Ms. Tahseen Farhan who played a crucial role in providing key organizational insights, and creating a framework for me which actually made this report possible.

In addition to that, for this framework I would also like to thank Mr. Md. Nasrullah, Manager of International Business Department and Zakir Hossain, Executive International Business Department. They have always been helpful to me for having a better understanding of Gallerie Apex.

Executive Summary

The report portrays the Brand Equity of Gallerie Apex, how Apex maximizes their brand equity through different pricing strategies and promotional activities. Firstly, Apex's main rival is Bata so their strategy was to follow their competitor so that they can take advantage in the market by offering a lesser price for the same quality of the product such as Venturini of Apex and Hush Puppies of Bata. Moreover, Apex follows Above the Line (ATL) and Below the Line (BTL) pricing strategies to stay on top. Speaking about promotional activities, Apex is doing better than Bata on ATL strategy by promoting their product through integrated form of marketing. This is because Apex promotes almost all of their products on online shopping portals such as Daraz and others unlike Bata. Therefore, throughout the years, Apex's strong marketing demonstration has made it possible for them to capitalize in the market for huge turnover and also leaving a mark on the market for its high-quality products.

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Chapter 1

Introduction

Abstract

A brief analysis about the pricing techniques and promotional activities compare to the other competitors in order to create an effective brand equity so that the company will achieve its desired position of Footwear industry in Bangladesh. Moreover, A proper use of their own order management panel the employees of the company can easily score a unique pricing method and through some effective promotional activities the company is doing a tremendous performance but still lagging behind and cannot be the market leader. Bangladesh is one of the uppermost leather and leather goods exporter after China, India and Vietnam. Apex footwear has their customers in North America, Middle Europe and Middle East countries. Thus, creating a brand equity with the perfect pricing policies and promotional activities helps the company not only be the market leader inside of the territory but also it increases the chance of creating worldwide recognition regarding best quality footwear exporter.

Keywords: Brand Equity, Pricing and Promotional Activities.

Background

Apex Adelchi Footwear limited is one of the largest footwear company in Bangladesh. However, its current market place is the second position just after the BATA shoe company. The company is conducting their operation with a very reputed status of more than two decades exploring the footwear industry of Bangladesh and abroad. In the late 1975 Apex started their journey as an export oriented company. From the very beginning the company has been regarded as a quality footwear manufacturer to the export market in the world. In the late 90s the company wanted to leverage their international reputation to the domestic footwear market. And thus Gallerie Apex was born. Gallerie Apex uses its own tannery processed finest quality leather in the footwear which brought them the credibility and authenticity of original leather shoe producer to mass consumer.

After successfully carrying the business for 10 years Gallerie Apex introduced its premium range of exclusive shoe line “Venturini” in the year 2010. Then after they introduced premium quality shoe line for female “Moochie” then “Maverick” for men. Now the company already introduced the children’s product lines special shoes and dresses for both men and women. Now if they create a proper brand equity among the customers it will drive the company to their desired place which they are expecting.

Significance of the study

There is a saying that “Spreading brand equity through experimental marketing”. Based on this it is very much identifiable that this report is planned to fill the holes in the wall named Brand equity as much as possible through two very important factors of branding as I mentioned before are pricing and promotion. One the fundamental reason of doing the analysis is to find out some factors those are not being implemented by the company as a result the sales in the local market is decreasing compare to the competitors. In present days’, sales and marketing is become one of the crucial part of a country to maximize the shareholders’ wealth and grab a significant position in the saturated market. Therefore, Pricing and promotion strategies of Apex Footwear Limited is one of the major activities to boost up sales for the company and such attempt drives me to compare the different possible strategies in this concern.

Objective of the study

Broad Objectives:

The broad objective of the report is to find the gaps regarding pricing techniques and promotional activities between the two top competitors in the industry in order to create further brand equity.

Specific Objectives:

The specific objectives are as follows:

- ✓ To identify the pricing pattern, compare to the competitors whether it is a factor of affordability or not.
- ✓ To identify the price to product quality ratio comparing with other top competitors.
- ✓ To know about material wise pricing structure of the individual products.
- ✓ Comparing different pricing techniques and bridge the gap among those techniques.
- ✓ To incorporate with promotional activities of the company and what are the things that are still not being executed by the company compare to the competitors.
- ✓ To analyze above the line and below the line advertising methods comparing with the competitors.
- ✓ To provide some necessary recommendations according to the identifiable outcomes.

Methodology

In this report I have used two sources of collecting data:

- i. Primary Sources.
- ii. Secondary Sources.

Primary Sources:

- Practical desk reports
- Sample order management PDFs.
- Face to face conversation with some employee of the different footwear companies.
- Focus group discussion.

Secondary Sources:

- Official website of Apex Footwear Bangladesh.
- Official websites of Bata Shoe Company and Jennys Shoe Company.
- Official websites of Hush Puppies.
- Footwear related articles and online survey magazines.
- Bangladeshi footwear blogs.
- Facebook pages of the different footwear companies.
- Apex footwear information manuals.

Limitations

The report is overall dependent on secondary data but some primary information have been used to stipulate several analysis. Moreover, there are some specific limitations were there as follows:

- The sales data of different shoe company is still remain confidential so the availability of these data is very rare or company does not want to share to their temporary employee.
- Competitors data analysis was very challenging because I found some companies they do not even like to share their very recent annual report.
- Economically higher level customers always purchase their shoes from outside of the country because they do not have trust in local brands.
- The basic primary data collection or consumer survey has not been conducted because it is very time consuming to generalize different consumers opinion towards purchasing leather goods.
- Previous surveys are authenticate because it has been constructed by analyzing some eligible primary sources.
- These may not be the exactly accurate findings from the research but the findings are very possible ways to fulfill the future shortcomings.
- Consumer misconception, purchasing power and economic condition of the country is one of the reason that the findings may not be eligible say for example after two years.

Chapter 2

Industry Overview

Overview of the Global Footwear Industry

The overall situation of the entire footwear industry throughout the world is pretty competitive because it is a multibillion dollar industry and the presence of a large number of players in the global market. Market researchers found that to gain the competitive edge in the market, the vendors are focusing on product differentiation and creating brand equity as much as possible. Another research indicates that there is a robust change happened in fashion products market from the last few years in contrast the growth of footwear market will remain restrained in year 2015-2023 ("Global Footwear Market - Transparency Market Research", 2016).

County-wide, the most lucrative market for the footwear products are already has been established in North America, Europe and Asia pacific. However, worldwide North America has dominated the market in terms of purchasing footwear products and the rate is 36.54 percentage in terms of revenue in 2014. But in the sense of volume Asia pacific purchasing portion is 40.50 percentage in the same year ("Global Footwear Market - Transparency Market Research", 2016). There are some latest data that I have mentioned below about the top footwear exporters of 2015:

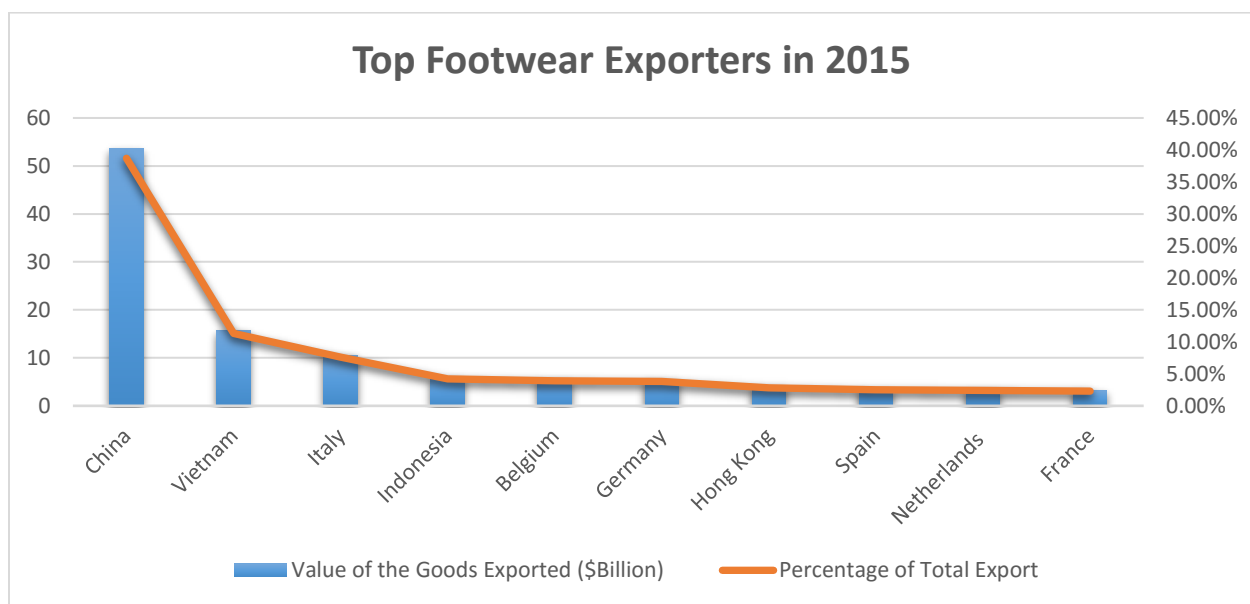


Figure 1: Top Footwear exporters (Data source: Trade Map, International Trade Center, 2015)

2.1 North America footwear market condition:

The footwear market in North America is pretty much established and the total estimated value was USD 805 million and the value will be increased by 2021 is USD 897 million (WIRE, 2015).

In addition, the continuous changes in style and innovation in footwear goods both athletic and non-athletic footwear is very popular goods or create a massive market demand in the future. However, In North America footwear market is considering as a largest market in terms of generating revenue in 2014 and expected to increase and dominance throughout the forecast period.

2.2 Asia pacific footwear market condition:

As I mentioned earlier that in 2014 the Asia Pacific generated the highest amount of revenue and among them china is the maximum consumer, exporter and manufacturer. In addition, in footwear industry China and India is the top footwear manufacturer as they export the highest amount of footwear products in the region of North America, United Kingdom. As a result china has grabbed an utmost position in the world's footwear market. The major selling product is the non-athletic fashionable footwear sales were robust in this region. As a market dominator China footwear year wise revenue form 2005-2012 (\$Billion):



Figure 2: China's Total Revenue (Source: DATONE, INC, 2012)

Overview of the Footwear Industry in Bangladesh

The footwear market of Bangladesh is characterized by a handful of large competitors with strong brand image as well as a multitude of small competitors, either unbranded or with imitative names and designs. While the large companies enjoy the economies of scale and provide high quality footwear at standard prices, the small competitors provide cheaper quality shoes at much lower price. The competitors' market strength varies based on the geographical location and the target market. Their competitive strengths are based on innovations in product offering, scale economies and a cost efficient supply chain. Some competitors only have the resources to produce basic leather footwear while other competitors have introduced substantial value additions in product design.

The following gives a brief profile and major strengths and weaknesses of the main competitors of Apex Adelchi Footwear Ltd.

2.3 Bata:

Bata Bangladesh is affiliated to the Bata Shoe Organization, the world's largest footwear manufacturing and marketing organization. It started operation in Bangladesh in 1962 and incorporated in Bangladesh in 1972.

Currently, Bata Bangladesh operates 2 manufacturing plants Tongi and Dhamrai, Bata Bangladesh is producing around 110,000 pairs of shoes daily. It has a modern tannery with the latest technological facilities to process 5 million square feet of leather yearly. The tannery is equipped with a high-tech effluent treatment plant ensuring a pollution free environment for both workers and locality where they operate. Bata Bangladesh sells all kinds of footwear which are classified in alignment with sectors as follows:

- **Domestic market** - Under the trademarks of 'BATA', "POWER", "WEINBRENNER", "BUBBLEGUMMERS", "MARIE CLAIRE" and "HUSH PUPPIES" through a countrywide distribution network comprising retail stores, DSPs and independent retailers.
- **Overseas market** – Under the trademarks of its customers, and also markets its own to sister companies and Middle East.

2.4 Strengths of Bata

2.4.1 Worldwide presence of parent company: Bata's strength lies in its worldwide presence due to its affiliation with the Bata Shoe Organization. It is one of the first local branded footwear manufacturers in Bangladesh. Having worldwide presence and being one of the first entrants has provided it with valuable experience.

2.4.2 Market leader: Continuous expansion of product lines and outlets has helped it to attain 25% of local market share. Its traditional strength lies in the volume sales it enjoys as a result of its ability to capture the mass market. Moreover, sales figures for Bata stood at BDT 650 crore in 2008. The highest revenue earner for Bata is the Men's Sandals range.

2.4.3 Impressive product portfolio: Bata has decades of experience in the local shoe market and have paid meticulous attention to buyers' choice and their affordability. Even though Bata entered the local market with only synthetic products like thongs and sandals, it now boasts of a product range that is unparalleled by any other local manufacturer. It has products for both gender segments and children under its Fashion, Contemporary and Classical and neo-classical lines. Each of the ladies', children's' and men's collections are further divided into sports, summer, canvas, dress and casual segments. With its prices ranging from as low as BDT 150 to BDT 12,000, Bata has moved in to capture all income segments with its strong product portfolio of 12 diverse brands. Its Bata, Hawaiianas, Sandak and B First are targeted to middle and lower middle income segments while its Bubblegummers, Dr. Scholls, Hush Puppies, Marie Claire, North Star, Power, Weinbrenner are targeted towards the upper middle and high income groups. It has also earned exclusive rights to sell Nike through which it targets the brand conscious high income segment. In its endeavor to provide a diverse product range and family experience, Bata now provides accessories like hand bags, belts, etc. alongside shoes.

2.4.4 Strong B2B Network: Alongside its presence in the consumer market as the market leader, Bata has also extended its reach to the Business to Business market. Bata Institutional Sales Division is an exclusive division of Bata which caters to the requirements of corporate customers across the country. The Institutional Sales Team customizes footwear solutions to meet the requirements of various industries including hospitality, aviation, healthcare, educational and government organizations. The Bata Institutional team collaborates with corporate customers to

design exclusive shoe lines under the various international and national brands - Hush Puppies, Marie Claire, Comfit, Scholl, North Star, Power, which are in line with latest technology. The industrial footwear range further strengthens its portfolio.

2.4.5 Backward integration: The Company has its own source of high quality leather from its modern tannery at Dhamrai, which has the latest technological facilities to process 5 million square feet of leather yearly. The company therefore acquires advantages from this backward integration. Bata has the facility and technology to produce most of the brands locally. Apart from the international brands like Scholl, Hush Puppies and Nike (which constitutes 5% of total product), all the other brands are made locally at the 2 manufacturing plants at Tongi and Dhamrai and has a capacity to produce around 110,000 pairs of shoes daily.

2.4.6 Unparalleled distribution network: Bata's core competency remains in its unparalleled distribution network of 244 retail outlets as well a strong network of non-retail dealer outlets including 481 DSP (Dealer Support Program) stores and 349 RWD (Registered Wholesale Dealers) under 13 depots all across Bangladesh. Based on the commercial area rating and competitor analysis, Bata decides on the type of retail outlet for each location under its three types of retail concepts: City Stores, Bata Bazaars and Family Stores. Of these outlets, 24 are City Stores, 65 are Bata Bazars and Super Stores, 51 are Family stores and the rest are Non retail Dealer Outlets. Where retail channel contributed around 59 percent of the company's turnover, the Non-Retail Sales Department also moved in to contribute 39 percent of the total company's turnover in 2008.

2.4.7 Non-retails stores: A growing middle class has made Bata shift its focus from family stores to city stores to display fashionable products. It has also introduced a new dimension in marketing of their products through the launch of "Brand Corner" concept in well recognized business chains like Nandan Mega Shop, Trust Family Needs, Mohammadia Sari house, etc. This has provided it with greater presence in the city, in addition to their own outlets which other footwear manufacturers do not have. Bata also has a strong foothold in the suburban areas through its non-retail stores. The stores are positioned in strategic locations after extensive market research

undertaken by a fully functional marketing department. This has further strengthened Bata's endeavor in building a strong distribution network spanning across different channels.

2.4.8 Largest retail stores: In sync with their ongoing aggressive expansion strategy, Bata has recently opened a mega store comprising of its own brands as well as other licensed world famous brands and designs under one roof. Spread over 11,000 square feet, it is the largest showroom for footwear in Asia. Bata's focus on expansion of its retail stores is evident as a major 35% of its total overall spending is on new retail stores, market research and renovation.

2.4.9 Application of MIS: Bata has internal software called BSO which helps to calculate and forecast inventory requirements. It has almost completed installing the Point of Sale software in all its depots and retail outlets. Currently being used in over 210 outlets, the POS technology has helped to speed up inventory control and has led to a more efficient supply chain management. When installed in all stores and integrated with the head office, this could assist even faster decision making and inventory management.

2.4.10 Training and development: The Company stresses on training and development of employees through hosting International training programs on merchandizing as well as sales management. Staff training "on the job" coupled with periodical training courses on product knowledge; retail sale techniques, general store operation rules, etc. lead to a more customer-centric sales force. It provides employees with on-going training opportunities to build new skills and collaboration with the parent company is also beneficial in this regard.

2.4.11 Attention to local need: The management of Bata, which is headed by an international team, has been following a systematic, focused and structured methodology of conducting business. Although it is a Multinational Company, Bata gives attention to the different local needs such as fashion trends, climate, seasonal trends, specific needs, usages and customs. This has enabled the company to build a repertoire as a reliable name in the Bangladesh footwear market.

2.4.12 Healthy financial performance Bata, which is listed as a public limited company, has been maintaining a steady growth in revenue and profit for the last decade. The Compounded Annual Growth Rate of Revenue from 2005 to 2008 amounted to 10 percent while the CAGR of Profit before tax for the same period stood at 17 percent. The company is 83 percent equity financed the lower leverage and high profitability making it a credit worthy borrower. Moreover,

the company reserves amounted to BDT 835 million at the end of 2008 and along with BDT 300 million in cash holdings; it can be termed as a cash cow. This implies that Bata has the financial strength to carry out more expensive business strategies in future.

2.5 Weakness of Bata

2.5.1 Bureaucratic structure: The organization structure is predominantly bureaucratic in nature, with little power vested in the hands of mid-level management. The Bata Shoe Organization is broken down into four regional Meaningful Business Units which are entrepreneurial in nature, and can adapt to changes in the market place and seize potential growth opportunities. Each MBU provides resources and support in key areas to the companies operating in similar markets such as product development, sourcing or marketing support. Bata Bangladesh is controlled by Bata Emerging Markets, Singapore. Strategies to suit local needs take longer to implement since they need to be approved by the Bata Emerging Market first.

2.5.2 Poor control over non-retail outlets: The massive expansion program and its widespread distribution network through more emphasis on N.R.S.D channels come with its own side-effects. In this system, the wholesalers buy merchandise to resell to dealers, i.e., multi-brand outlets, located in street markets of major cities, towns and suburban areas. They keep inventory of Bata products for replacement and sell on credit or cash basis. Their focus is on volume products like basic closed shoes, sandals, school shoes, canvas shoes, etc. These shops also deal in regional brands and unbranded footwear from small manufacturers. This implies that Bata has very little control over these customer touch points. Since customer loyalty is an element of utmost bearing on Bata, any complacency on behalf of the company could result in depletion of existing customer base.

2.5.3 Low promotion budget:

Bata spends less than 5% of its total budget on promotion. Its marketing comprises mostly of discounts and rewards to dealers. It mostly follows a push-through strategy of rapid retail expansion with little above the line promotion. In a market that is growing at a rate of 20% annually and more competitors like Apex and Pegasus expanding their portfolio, Bata may need greater consumer promotion to maintain its market share. Currently, it is being deprived of the greater sales that an active pull strategy could bring.

2.6 Fortuna Bangladesh:

Fortuna Bangladesh is one of the emerging footwear manufacturer and global exporter Footwear Company in Bangladesh. It is a purely entrepreneurial business experience and has many asset operations in different international market sector. Moreover, Fortuna Shoes and Bags limited running their operations with in local and international market with a massive factory with the capacity to produce 6000 pairs of shoes and 500 bags per day. Having four different lasting lines the 40,000 square fit in unit 1 and 30,000 square fit in unit 2 located as Fortuna Park in Kunia, Gazipur.

With a brand motto “Walk to Success” Fortuna is a design driven company which is introducing local and western fashion trends. In addition to that they are manufacturing leather goods for the three market segment such as Man, Woman and Kid with a mission of providing optimal blend of quality, style and affordability.

Chapter 3

Company Profile

3.1 Preface

Apex-Adelchi Footwear Limited is a leading manufacturer and exporter of leather footwear from Bangladesh. It was established in 1975 and is still continuing production. The company exports footwear products to major shoe retailers in Western Europe, North America, Nepal, India, China and Japan. The company has revenues of USD 84 million in 2008. Apex-Adelchi pioneered the export of value added finished products export in the leather sector of Bangladesh and is also involved in the local footwear retail business with the second largest shoe retail network in the country. The company has equity, technical and marketing participation from La Nuova Adelchi one of the largest footwear manufacturers of Italy.

3.2 Company at a Glance

3.2.1 Number of Employees: (Source: Apex Footwear profile, About Us, Copyright 2016)

- More than 5,500 people (Among them 120 people are employed in the head office).
- 7+ Italian and Indian resident expert technicians.
- Over 4500 people are employed in the factory.

3.2.2 In-House Facilities: (Source: Apex Footwear profile, In-House Facilities, Copyright 2016)

- Thermoplastic Rubber (TPR) sole molding plant.
- Leather sole plant.
- Components plant: (Insole, Counter and Toe puff).
- Cutting Dies plant.
- Leather finishing plant.
- Effluent treatment plant (ATP).
- Connected warehouse.
- Drinking water purification plant.
- Uninterrupted power supply.
- Training facilities.
- Medical center and Child care.

3.2.3 Outlets across the country: (Source: Apex Footwear profile, About Us, Copyright 2016)

- Retail Outlets: More than 230 outlets.
- Wholesale Outlets: More than 60 outlets.

3.2.4 Production Capacity: (Source: Apex Footwear profile, About Us, Copyright 2016)

- 15,000 complete pairs of shoes from unit 1.
- 10,000 complete pairs of shoes from unit 2.

3.2.5 Export Markets: (Source: Apex Footwear profile, Global Market, Copyright 2016)

- 100 buyers from 40 countries.
- Germany.
- Italy.
- Japan.

- USA.
- France.
- Belgium.
- Austria.
- Netherlands.
- Switzerland.
- Sweden.
- Spain.

3.2.6 Market Share: (Source: Apex Footwear profile, About Us, Copyright 2016)

- (5%-6%) approximately in local market.

3.2.7 Product Range: (Source: Apex Footwear profile, About Us, Copyright 2016)

- Gallarie Apex offers 400 different styles at 97 different price point.

3.2.8 Associate Business: (Source: Apex Footwear profile, About Us, Copyright 2016)

- Apex Tannery Limited.
- Adelchi Footwear Bangladesh Limited.
- Blue Ocean Footwear Bangladesh Limited.
- Apex Pharmaceuticals Limited.
- Grey Advertising Bangladesh Limited.
- Quantum Market Research Bangladesh Limited.
- Mutual Trust Bank.

3.2.9 Annual Financial Status: (Source: Apex Footwear profile, Financial Highlights, Copyright 2016)

- Net BDT 5,343,484,923 (June,2016)
- Local Sales BDT 556,352,021.
- Net Income BDT 189,827,956.
- Total Asset BDT 13,264,975,729.

3.3 Company Promise

Delivering the best grade export quality shoes within this territory which made with premium quality leather at a very reasonable price without compromising the class.

3.4 Company Logo



3.5 Corporate Vision

“Honest Growth”

3.6 Corporate Mission

To ensure the sustainable growth:

- To be a vendor of choice for the customers.
- To create the value for the shareholders.
- To be proactively compliant with.
- To ensure global practices and standards.
- To be a responsible corporate citizen.

3.7 Core Values

“Respect for people”-

- Demonstrate respect by developing the people of the company and to help them to achieve high performance standards.
- Treat all people with dignity.

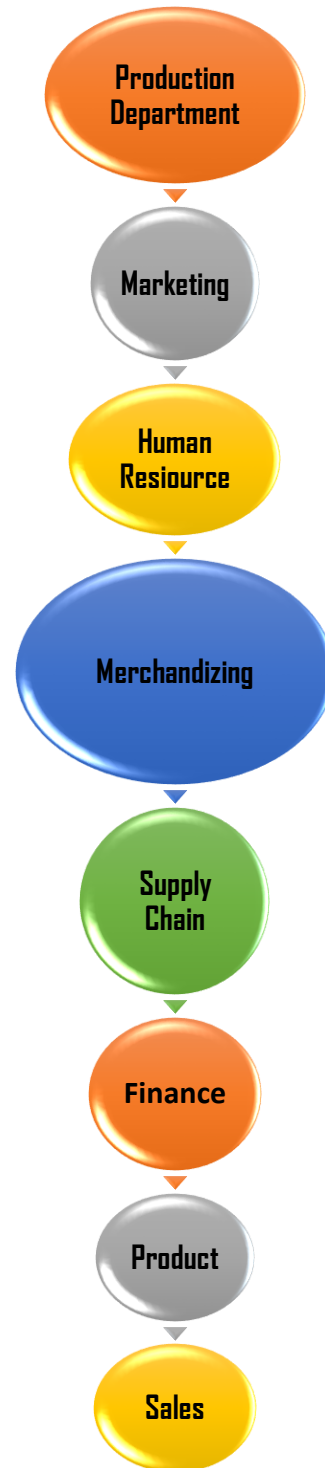
“Integrity, Empowerment, & Courage”

- Honesty.
- Walk the talk sense of urgency.
- Strive for speed and simplicity in everything the people of the company do.

3.8 Divisions

The main divisions are:

- Product Development (PD).
- Merchandizing.
- Supply Chain.
- Sales.
- Marketing.
- Human Resources.
- Finance.
- Production.



3.9 Product Offerings

3.9.1 Product line for men by Gallerie Apex:

	Brand Name	Category	Model
Men's Line	Venturini	Formal Shoes	 
		Casual Shoes	
		Sandals	
	Maverick	Formal Shoes	 
		Casual Shoes	
	Sprint	Sports	 
		Casual	
		Canvas	
	Apex	Formal Shoes	 
		Casual Shoes	
		Sandals	
		Eva	
	Gambol	Thai Imported Flip Flops	

3.9.2 Product line for women by Gallerie Apex:

	Brand Name	Category	Model
Women's Line	Moochie	Party Heels	
		Flats	
	Sandra Rosa	Heels	 
		Flats	
	Nino Rossie	Party Heels	 
		Wedge Heels	
		Flats	
	Apex	Flats	 

3.9.3 Kid's product line by Gallerie Apex:

	Brand Name	Category	Model
Kid's Line	Twinkler	Keds Shoes	
		Sandals	
	Sprint Kids	Keds Shoes	
		Sandals	
	Apex	Sandals	

Figure 3: Different Product Line of Gallerie Apex Ltd.

Source: Apex Online Portal

Board of Directors



Sayed Manzur Elahi
Chairman



Sayed Nasim Manzur
Maneging Director



Md. Iftikhar-uz-Zaman
Director



Munize Manzur
Director



Golam Mainuddin
Independent Director



Nihad Kabir
Independent Director

Chapter 4

Literature Review

Literature Review:

“In this ever changing society, the most powerful and enduring brands are built from the heart. They are real and sustainable. Their foundations are stronger because they are built with the strength of the human spirit, not an ad campaign. The companies that are lasting are those that are authentic.” – Howard Schultz.

4.1 Brand Equity

Brands are those crucial assets of the company which varies a lot in terms of amount of value and power of the products or services in the market place. However, there are some brands for which customers have the high degree of brand awareness associated with strong perceived quality and brand loyalty. Brand awareness followed by the brand association, quality and loyalty, these are the important aspects of brand equity (Trott & Sople, 2016).

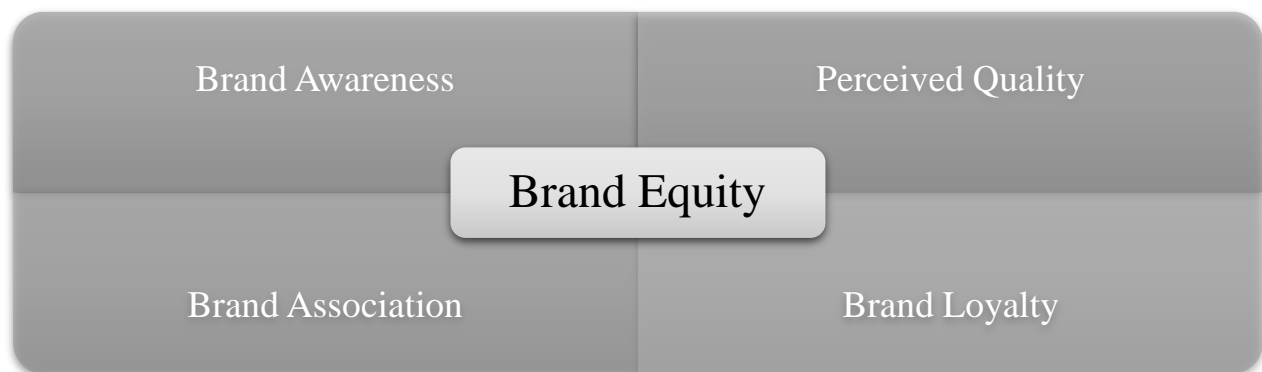


Figure 4: Brand Equity

Source: Marketing Management by Philip Kotler

In this report we are going to talk about footwear brands particularly when we will stop reading and think about well renowned footwear brands in the world first the brands will come are Nike, Reebok, Adidas and New Balance (Shimp, 2010).

However, Brand equity is important because it has a very important role whenever a person is decide to buy something. Additionally, when the degree of brand equity through the brand awareness is high it is very possible that the person will buy that particular product. Every time a company develop or create new products it is really important to create the brand equity from then. Most of the companies are use very similar techniques to uphold brand equity such as attractive

pricing, advertising connected with famous celebrities, sales promotion as well as direct selling (Trott & Sople, 2016). This particular report will help the company to comprehend how they can execute an effective brand equity through the pricing and promotion.

4.2 Pricing

In every marketing plan pricing is one of the major component (Roth, 2007). Customer's decision of purchasing a product is extensively dependent on the pattern of price prepared by the company itself. Moreover, A price of the product or service will determine not only the perceiving power of the customers by also its brand positioning, influence the choice of marketing channel and mark whether it is promoted and have an impact on the level of customer service expected by the customers who are targeted by the particular company (Stone & Desmond, 2007). To generate revenue a good sense of pricing is very crucial for the company. Consequently the price is one of the essential part of the marketing mix. Generally, it is acknowledged that pricing decisions are the most difficult to make because of the contact of the three groups in the market such as customers, the trade and competitors. In addition the manufacturing companies like footwear pricing decision often have to be made quickly and with limited because pricing is the factor which has the direct effect on profit (Stone & Desmond, 2007).

In last twenty years price has become increasingly important element in the marketing mix because consumer have the highest awareness at every point of pricing. There are several reasons enumerated below that clarify why the pricing is so important to create the brand equity:

- The inflation has increased but the real income is decreased.
- Completion within the global market has also been rocketed.
- Customers has better alternatives to compare prices. For example, websites that has the statistics to compare the prices among different companies various goods or services.
- Where other component such as product, place and promotion affects the revenue unhurriedly but a simple change in pricing has a very quick and direct effects on profit.
- Considering the rule of elasticity every small amount of changes can have relatively big change in the sales.

4.2.1 Pricing Strategies

There are some pricing strategies which are very rapidly used by different kinds of business companies;

- **Penetration Pricing:** The organization often sets relatively low price only to increase sales for the sake of increasing the share price. When the desired goal has accomplished by the company they increase the price of that particular product.
- **Skimming price:** A preliminary price is set by the organization and then the slowly decrease the prices so that the product can reach the wider market. Moreover, the main aim to do such thing is to skim the profit penetrating step by step in the market.
- **Competition pricing:** In this strategy company usually set the prices according to the competitors pricing. It can be lower than the competitors or can be same or higher.
- **Product line pricing:** In this pricing techniques pricing of the different products within the same product range at different price point.
- **Bundle pricing:** under this pricing strategy company bundle couple of products at a reducing price point so that they can increase the sales.
- **Premium pricing:** The Company set any particular line of products in a very high range so that customers will understand the product is very high-class.
- **Psychological pricing:** The positioning of the pricing within the market place the seller will consider the psychology of the pricing.
- **Optional pricing:** The company often sales the products in optional extras so that they can maximize their turnover.
- **Cost plus pricing:** In this strategy of the pricing company regularly set a markup price based on how much profit will be there and this method of pricing also ensures the production costs and it does not take the demand in the market or completeive pricing in account.
- **Cost based pricing:** This strategy is very similar to the cost plus strategy that is takes costs into the justification but it will consider other factors such as the condition of the market while setting the price.
- **Value based pricing:** This strategy depends on the value of the product to the customers rather than how much it cost to produce the product reputation always helps to set the price in this case.

4.3 Promotion

Promotion comprises a set of activities that a company carries out to develop the communication and promote their goods and services (Kotler, 2001). Moreover, Promotion is the process that brings a product or services to the consideration of a group of people or the market. However, promotional marketing appears when a company use special offers with the intension of developing customer interests to make a particular product or service pretty much differentiated from the competitors.

Ultimately, the main objective of any promotional activity to raise the brand equity so that it increases its appeal to the consumers. Promotional activities always add value to the both existing and new customers (Stone & Desmond, 2007).

4.3.1 Above the line and below the line advertising

Above the line and below the line advertising is very rapidly using techniques nowadays for promotion of any products and services (Mittal, 2011). Above the line advertising is where the mass advertising media is used for promoting products and services such as conventional media, radio, and television and internet. The only objective is to reach the wider range of customers. In addition, above the line advertising is used for reaching the mass people around the market (Mittal, 2011).

In contrast, below the line advertising technique refers more to one by one kind of advertising. Specially, while using below the line promotional activities the company often spread the news of the products via pamphlets, posters, banners, placards as well as handbills. Another set of below the line advertising is sharing the demo product or sampling product but it is only applicable for mostly the food and cosmetics type of goods. For different markets like rural markets where the television or internet advertising is very limited BTL marketing can reach every customers house and making more sense (Stone & Desmond, 2007).

Chapter 5
Comprehensive Analysis of Brand Equity

5.1 Comparisons and a Comprehensive Analysis of Brand Equity through Pricing and Promotion

5.1.1 Some general comparisons between Apex and Bata

Comparison of financial status:

	Employees	Annual Revenue	Local sales	Net Income	Asset	Liabilities	Market Capitalization in stock market
Apex	5,500	5,343,484,923	556,352,021	189,827,956	13,264,975,729	2,685,499,668	3,921,750,00
Bata	1519*	5,434,973,000	4,408,210,000	449,415,702	22,669,125,178	1,429,375,178	16,039,800,000

* Bata only includes employees paid a minimum annual remuneration of Tk. 36,000 in its payroll.

Figure 5: Source, Financial Highlights and DSE, 2016

5.1.2 Comparison regarding Major Strengths and weaknesses

Comparison regarding frequently asked questions by their shareholders about strengths and weaknesses between company Apex and Bata shoe:

Strengths/ weaknesses	Apex Adelchi Footwear	Bata Shoe
a) What are your business advantages?	<ul style="list-style-type: none"> i. Joint venture with Adelchi lending technical support and product design. ii. Own source of high quality leather. iii. Strong IT support. iv. Second largest distribution. v. Stable source of internal and external financing. 	<ul style="list-style-type: none"> i. Affiliated to Bata shoes, the world largest footwear manufacturer. ii. Most experienced in the local market. iii. License of the world's famous brands. iv. Backward linkage through its modern tannery.

		v. Cash cow with the financial muscle.
b) What are your core competencies?	i. Up to date international product design.	i. Diverse product range. ii. Strong distribution network.
c) Where are you making the most money?	i. Export market. ii. Men's casual sandals and formal shoes.	i. Local market. ii. Men's shoes and sandals and ladies sandals.
d) What are the areas you doing well?	i. Largest exporter of the footwear from Bangladesh. ii. Rapid extension from the urban and semi-urban areas. iii. Extending product lines. iv. Gallery too Galleries inter transfer.	i. B2B market. ii. Divesting into products other than footwear to provide greater variety in the family stores. iii. Training employees.
e) What areas are you avoiding?	i. Using international trendy design in local products. ii. Creating sub-depots.	i. Premium collections as per provided in the Middle East market.
f) Where do you lack resources?	i. Vacuum in the second tier of management. ii. Lack of proper PD department for the women's line.	i. Frequent marketing campaigns. ii. Setting up online marketing as done in other countries.

	<ul style="list-style-type: none"> iii. Accommodation production for the local market through its own factory instead of leased factories. 	
g) What are you doing poorly?	<ul style="list-style-type: none"> i. Central distribution does not have integrate IT support. ii. Distribution scarce and infrequent outside of the Dhaka. 	<ul style="list-style-type: none"> i. Bureaucratic nature inhibits fast realization of potential opportunities. ii. Strategies take longer to implement. iii. Managing the expansion.
h) Where are you losing money?	<ul style="list-style-type: none"> i. Stock shortfall. 	
i) What needs improvement?	<ul style="list-style-type: none"> i. Distribution system ii. Systematic shop location. iii. PD 	<ul style="list-style-type: none"> i. Need to improve the quality of the shoes rather than only improving the design. ii. The parent brand products are not that up to the mark in comparison to the licensed brands.

Figure 6: Source Comparative SWOT analysis data of Apex and Bata.

5.2 Relationship between Promotion and Brand Equity

Advertising or the promotion is one of the main marketing communications tool in a consumer market. By this a marketer can identify the actual market situation, customer perception towards different products that has been offered as well as different target individual. However, this is very important note that promotional activity has a great contribution on brand equity. An operative communication facilitates the formation of brand awareness and reveals the positive brand image in a consumer market which is not less than an asset to the firm. (Selvakumar & Vikkaraman, 2011). Through an effective promotion for a particular product can change the purchase decision of a consumer and easily can turn into a brand loyalty which is very essential for an organization. Some of the previous research found that whenever the brand awareness and brand loyalty increase through promotions the evaluation of the customers towards brand also increase. Moreover, we can say that advertisements are always positively related to the brand equity.

5.3 Relationship between Pricing and Brand Equity

In order to create a very constructive brand equity through perfect pricing techniques in the market a firm should be aware of fixing the attractive prices which will increase the customer's willingness towards purchase the products. However, effective promotion usually increases the price sensitivity of the customers. By this we can easily identify that the price is also positively correlated with product quality for example "Higher the price of the product customer can expect a better quality of the product or services.

On the other hand, there are some negative effects also of pricing on brand equity. This is happening whenever the company use incentives for sales and that can affect the establish level of sales. Thus, pricing is one of the weaken method of the brand equity which can be used for a short-term benefit of the company because price always decreases with the increasing product maturity in the market. Besides activities regarding lowering the price of a product may confused the customers and lead to affect a serious damage on a brand equity.

5.4 A conceptual framework regarding Pricing, Promotion and Brand Equity

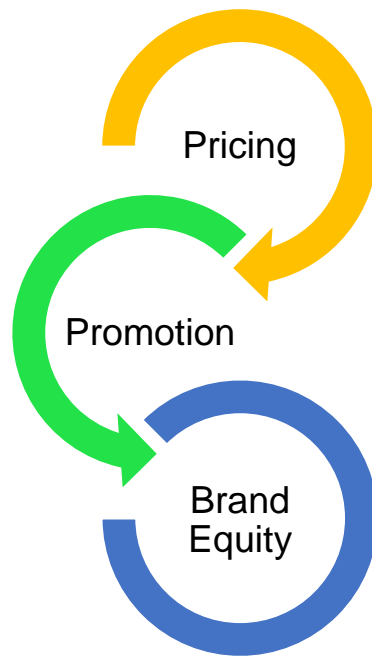


Figure 7: Conceptual Framework.

Source: Description to the Brand Equity, 2011

5.5 Price- Quality ratio comparison Between Gallerie Apex and Bata

Every and each business who are actually participates in price completion in a huge market pace like Apex and Bata the only reason is to maximize their profit and grab as much as the market shares in the market. Why they are doing so? Another reason can be develop a very unique strategies compare to other one so that they can challenge another industry rival in the market. In addition, whenever one company like Apex or Bata start to think about maximizing their profit through the marketing with the effective pricing strategies they need to consider other issues like transport cost, promotion, collecting information about the customers etc. The more the real world information will be collected by the company the better performance regarding pricing strategy is expected to be. Developing a pricing strategy model is likely to be a simpler than the general pricing model in the long run. Thus some of the comparison between pricing strategies comparison between Apex and Bata is enumerating below:

To understand the pricing method including the quality and different kinds of material that company is using to produce their flagship brands is as important as how better the brand equity they have been creating. To know the actual rating on the ideal shoes as well as flagship brands of Apex, Bata and Fortuna we need to look around for some previously done researches. In those researches the author done a primary data collection of more than thirty customers to find out the rating of Ideal shoes, Hush Puppies, Venturini and Fortuna:

5.6 Ideal shoe features rating

The consumers rated the features which they look for when they purchase their own shoes. These can be classified as the ideal shoe for these particular types of consumers. The findings of the survey are presented in a graph below:

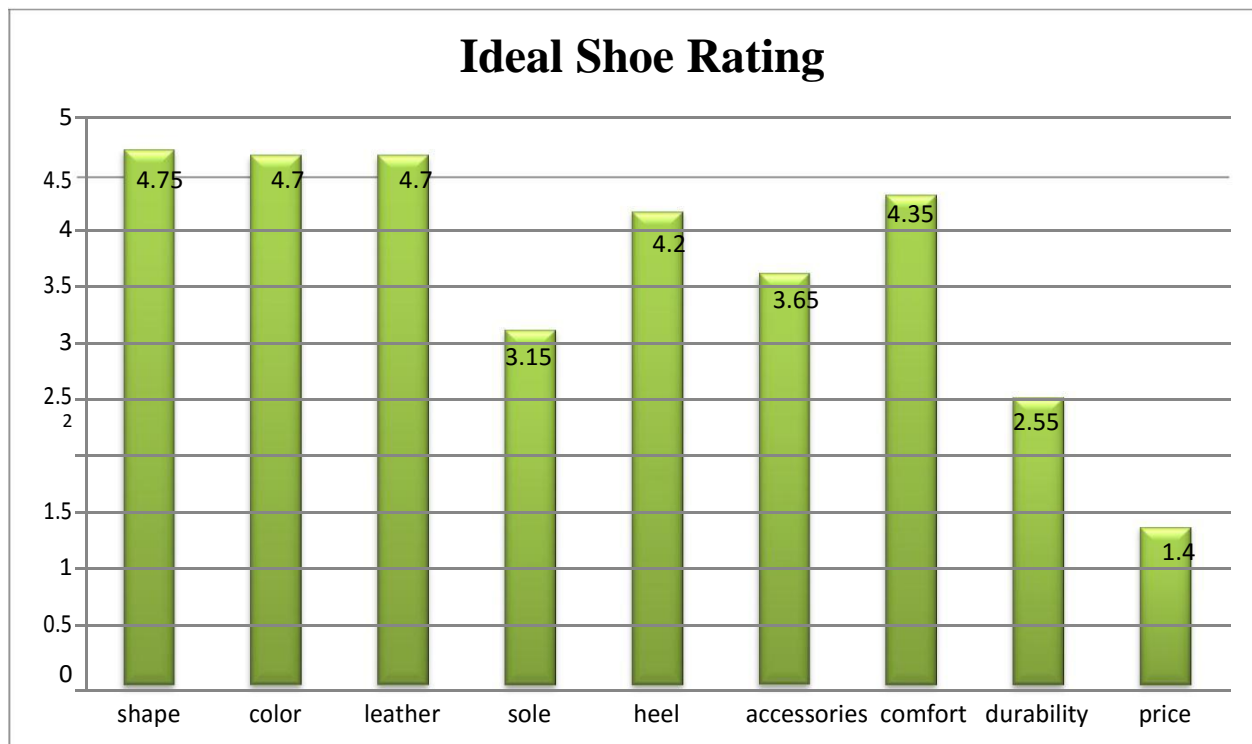


Figure 8: Ideal shoe rating source: Nasrullah, M. (2011). Branding Venturini- Men's exclusive footwear line by Gallerie Apex.

Each of the criteria is rated in a five point scale. The consumers rated all of the nine features and based on that we generated a chart to show the score. The chart shows the average score of each of the criteria. Here we can see that shape, color, leather and comfort are the most important features that the consumers look for when they purchase a pair of shoes. And for these top end consumers,

price is the least important factor. This particular chart gives us the idea of the features of an ideal shoe.

5.6.1 Venturini Features rating

The second most important findings were the rating of the Venturini brand shoe against the same criteria mentioned in the ideal shoe features. The same consumers rated Venturini in a five point scale. The result is shown in a graph:

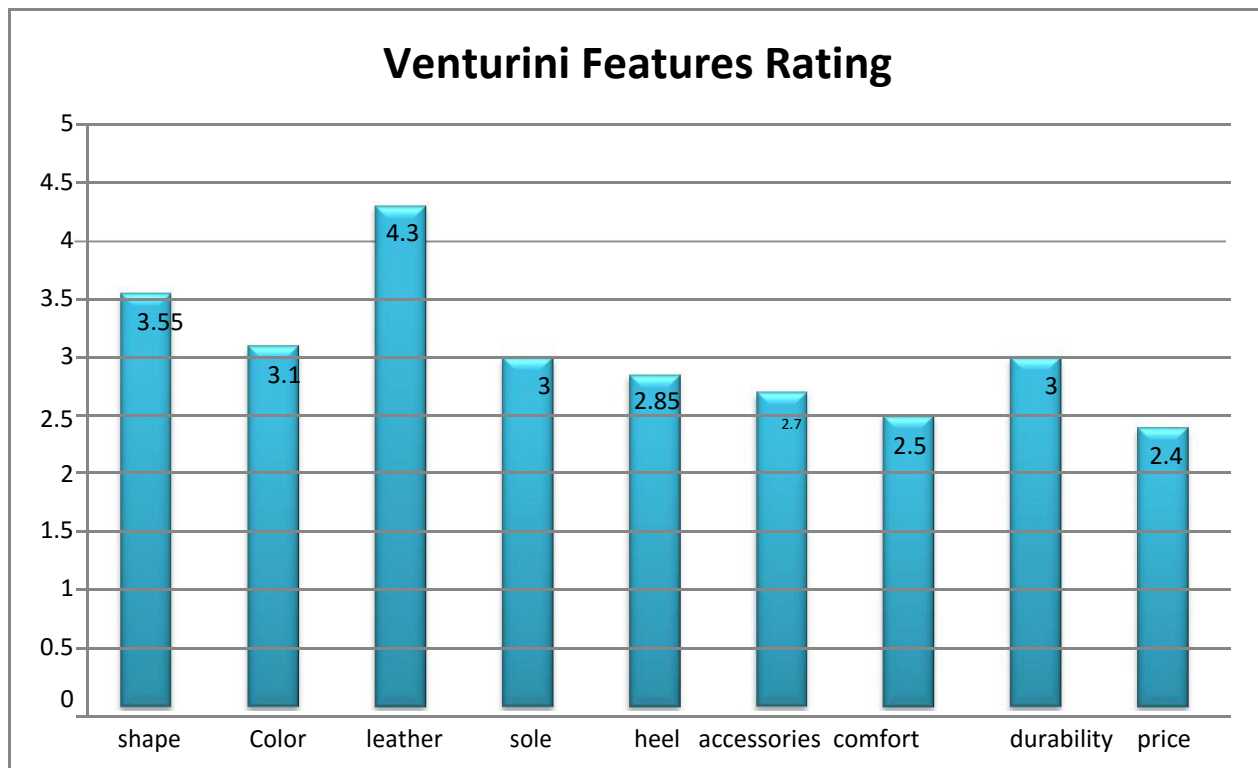


Figure 9: Venturini features rating

Source: Nasrullah, M. (2011). Branding venturini- Men's exclusive footwear line by gallerie Apex.

As opposed to the ideal shoe feature rating, this rating is far behind in most of the criteria.

The only feature to score above four is the 'leather'. Other than that rest of all the features are lagging behind. Especially we can point out three major criteria where Venturini seriously needs improvement. The features are accessories, comfort and price. Clearly these three criteria could not attract the top end consumer segment we are targeting.

5.6.2 Hush Puppies Features ratings

The third most important findings regarding rating of the brand Hush Puppies comparison to the Brand Venturini in a five point scale and the result were:

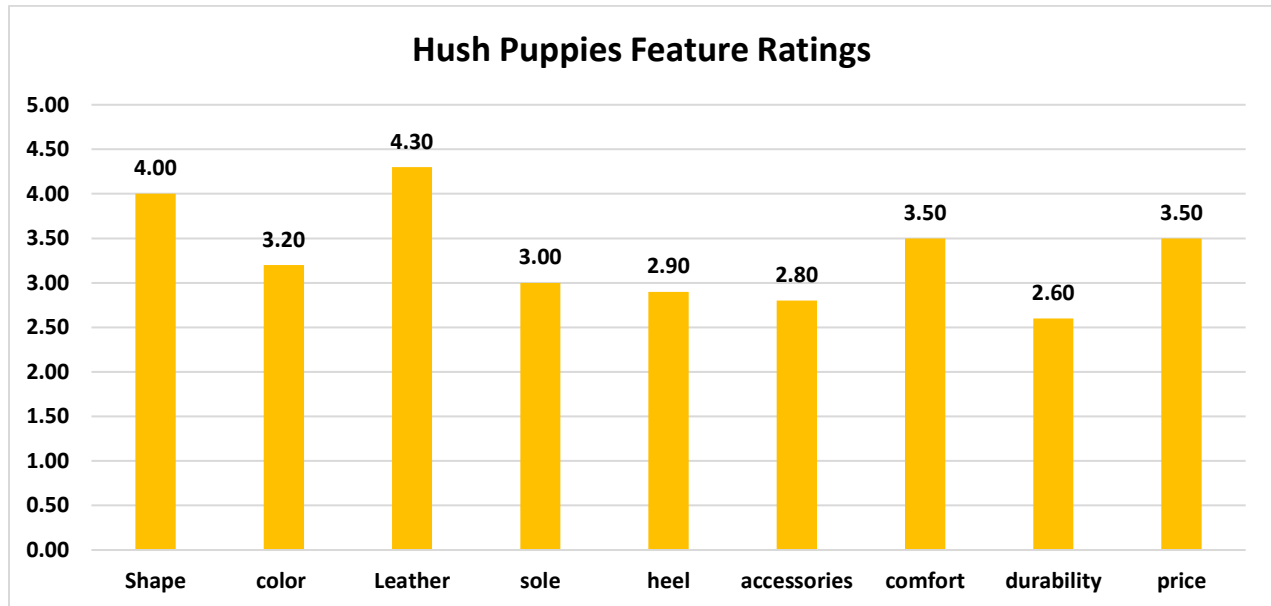


Figure 10: Hush Puppies feature rating.

Source: Nasrullah, M. (2011). Branding venturini- Men's exclusive footwear line by gallerie Apex.

As we can see from the figures that in some point hush puppies is slightly better than the Venturini but at this point if we consider the price it is relatively lower than the Hush Puppies. Thus, Apex is providing exactly the quality with a better durability than Bata at a minimum level of price point. According to the consumer survey done by the previous researchers the price of shoes are less important to the respondents. On the other hand they said to spend on an average BDT 6000 for a high end shoe. So the management is willing to make a choice for the consumers which will be a pure art and will have the aesthetic value. Therefore the price will be in high end. The final decision has not been made yet. But the flagship brand of Apex such as Venturini, Maverick and Nino Rossie is surely going to be priced possession for the consumers that is certain.

5.7 Comparison between Apex and Bata shoes based on cost-plus pricing strategy

There are some distinctions between setting up the markup price for the featured items of Apex and Bata. We are considering two different featured item and those are “Maverick” from Apex and “Hush puppies” from Bata and now these are the two different flagships but the making pattern of these variants are more or less same. So under the ideal shoe rating for the local customers as I have discussed above we are compare that which company’s markup pricing strategy is how set up by them:

First of all, we will take “Maverick from Apex” and there are some specifications that both of the flagships are having:

Maverick

BDT 4,490

Slide into these stylish brown Semi-Formal whenever you're looking to add a dash of fun to your wardrobe. Pair them with jeans or dark twill pants and give your outfit a playful, sly smile.

- brown leather loafer with brushed glossy finish
- perforated top layer around toe and heel
- leather lining
- slip-on with stretch gore for secure fit
- leather sole with rubber treading
- medium stacked heel
- imported



Color: Brown

Secondly, we will look at the “Hush Puppies from Bata” and its specifications,

Hush Puppies

BDT 8,990

A semi-formal ash leather shoe which represents the true color of casual setting and the finishing which can be wore with any outfit.

- ash leather shoe with brushed glossy finish
- perforated top layer around toe and heel
- leather lining
- slip-on with stretch gore for secure fit
- leather sole with rubber treading
- medium stacked heel
- imported



Color: Ash

Now we can see both the shoes are having more or less same kind of specifications but when the companies are setting the prices the Hush Puppies price is more or less double than the Maverick because Bata don't want to decrease the brand value in the market. But if we think in the sense of customer point of view the ideal shoe pricing is relatively low. Most of the local customers want

best quality as a low price. As an illustration of the markup pricing strategy we can say that Maverick and Hush Puppies shoes are primarily imported from different footwear expert countries like China, Taiwan, Hong Kong etc. initially the management holds a meeting and takes decision about the order they are going to make. The committee take decision based on some key points i.e. the global trend, company's budget, the need of the market, the festival etc. Once the decision has been made, the company sends the merchandisers to some of the footwear exporting countries to visit and understand the local market there. The merchandising team brings back samples and then a management meeting holds again and then the committee takes decision which one to order. The cost mainly lies with the import. And the Apex usually makes 40% mark up on its cost in such flagships on the other hand Bata makes approximately 66.5% markup price. So both the management marks the price starting from BDT 3000.

5.8 Comparison of market penetration pricing strategy

In the case of Apex footwear and Bata Shoe Company, Apex is doing very good in terms of strategy implementation regarding market penetration pricing. First of all we need to know that what market penetration pricing strategy is descriptively. A penetration pricing strategy represents using of loyalty building or market entry tool to introduce new product or offerings of a high quality product at a much lower than expected price. This process actually helps a company to achieve higher sales revenue even when there is a strong competitor exist in the market. Moreover, the technique actually helps to build up the real brand equity from the beginning of a new product launch. However, a perfect penetration strategy can dramatically increase the life time value of the customer because they are bent with the first best offerings of a company.

In the case of Bata and Apex if we study the very recent financial statement we can find that Apex has been very successful after implementing the market penetration price whenever they have introduced "**Maverick**" followed by the very successful brand at a very reasonable price is the "**Venturini**". Venturini is the Apex first flagship brand and Hush Puppies is Bata's flagship brand which was introduced previously as a market penetration product to new most recent flagship brand of Apex that is "Maverick" and for Bata that is "**Weinbrenner**". However, the ultimate goal of the strategy implementation like penetration pricing is generating revenue or increasing the sales. The financial status shows us that Venturini brand price is way lesser than the Hush Puppies

shoes but the quality is almost same. As a result we can see Apex has successfully increased the total revenue from Bata. The financial result of 2015 is given below to find out the real differences:

Statement of Comprehensive Income (Un-audited)				
for the period ended 30 September 2015				
Amount in Taka				
	Jan-Sept'15	Jan-Sept'14	July-Sept'15	July-Sept'14
Net Sales Revenue	8,677,956,965	9,490,349,125	3,940,819,128	4,145,893,937

Source: Apex Financial Report, 2015



Bata Shoe Company (Bangladesh) Limited
Statement of Profit or Loss and other Comprehensive Income
for the year ended 31 December

<i>In Taka</i>	<i>Note</i>	2015	2014
Revenue	20	8,522,801,619	8,076,995,037

Source: Bata Shoe Annual Report, 2015.

5.9 Comparison between the companies based on implementing the promotional pricing strategy

Promotional pricing also known as Loss Leader pricing strategy. The main objective of this study is to get new customers even if the company do not get any profit but the marketing should be done by this. By the strategy of this loss sales a company can offer a low price product to introduce within the market so that after the product demand will high in the future company can resell the products in a higher value. Moreover, company can also offer any extra product which is free of cost to enter into a new segment of the market.




In the case of the two different rivals we are having in our country First one is Bata and Apex, Apex footwear is offering promotional price based products in a very regular basis. In contrast, Bata is offering the promotional price based pricing once in a year during any occasion. Such as,




Apex is introducing the new category of School shoes for kids along with some free offers and a very low price range. This can be a best offer under the promotional pricing strategy implementation but in the case of Bata we rarely see the offers.

5.10 Similarities between two companies in terms of pricing strategies


In spite of having different dissimilarities that we have discussed above there are some similarities that I have found in their pricing strategies. The most visible similarity that I can find among the two company's pricing strategies is both of the company follows "Psychological Pricing" technique. Now what is psychological pricing technique? This is nothing but setting up the price at a level of the digits like "999" or "450" or "290" in this pattern so that if any product price is 4999 customers will take a look at it think it's not 1 taka less than 5000 its little bit higher than 4000. To illustrate if we look at the online or distribution center every footwear products they are selling has the price tag including psychological pricing techniques. Such as,

<p>Brand -</p> <p>apex ltd</p> <hr/> <p>Price +</p> <hr/> <p>Size +</p> <hr/> <p>Gender +</p> <hr/>				
	<p>Apex</p> <p>Smooth Leather Wallet for Men - Black</p> <p>₹ 590.00</p>	<p>Apex</p> <p>Venturini Leather Casual Boot - Blue</p> <p>₹ 5,990.00</p>	<p>Apex</p> <p>Polyester Casual Backpack - Red</p> <p>₹ 2,190.00</p>	<p>Apex</p> <p>Leather Casual Flat Sandal - Black</p> <p>₹ 2,290.00</p>

Source: Apex Online Portal.



Search







MY CART
BDT 0.00

NEW ARRIVALS
WOMEN
MEN
KIDS
BRANDS
BESTSELLERS
SALE

[Home](#) / [Brand](#) / [HushPuppies](#)

HUSHPUPPIES

SORT BY: Latest | Price High To Low | Price Low To High | Highest Discount
[12 Items]

<div style="background-color: #f5f5f5; padding: 5px; border: 1px solid #ccc;"> <p>CATEGORY</p> <p>Sandals</p> <p>▼ Formal Shoes</p> <p>Laced Up</p> </div> <div style="background-color: #f5f5f5; padding: 5px; border: 1px solid #ccc; margin-top: 5px;"> <p>Brands</p> <p>HushPuppies <input type="checkbox"/></p> </div> <div style="background-color: #f5f5f5; padding: 5px; border: 1px solid #ccc; margin-top: 5px;"> <p>Refine By Color</p> <p><input checked="" type="checkbox"/> <input type="checkbox"/></p> </div>	<p>Hush Puppies</p>  <p>EXPERIENCE THE LUXURY AND COMFORT OF HUSH PUPPIES</p> <p style="background-color: #e91e63; color: white; padding: 2px 10px; border-radius: 3px;">BDT 5990</p>	<p>Hush Puppies</p>  <p>EXPERIENCE THE LUXURY AND COMFORT OF HUSH PUPPIES</p> <p style="background-color: #e91e63; color: white; padding: 2px 10px; border-radius: 3px;">BDT 5990</p>	<p>Hush Puppies</p>  <p>LEATHER SANDALS AT AN UNBELIEVABLE PRICE RANGE.</p> <p style="background-color: #e91e63; color: white; padding: 2px 10px; border-radius: 3px;">BDT 2190</p>	<p>Hush Puppies</p>  <p>LEATHER SANDALS AT AN UNBELIEVABLE PRICE RANGE.</p> <p style="background-color: #e91e63; color: white; padding: 2px 10px; border-radius: 3px;">BDT 2190</p>
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Source: Bata Online Shopping Website.

5.11 Comparison of Promotional Activities of Apex Adelchi Footwear Limited and Bata Bangladesh

At present the footwear market in the Bangladesh is full of offers and discounts. Marketers of our countries especially for the fashionable products use a lot of advertisements so that the customer can buy their products. However, the main objective of the advertising is building the brand equity for the company which will come to a long run but in today's market all the advertising are done for a short term sales which can maximize the profit.

Most of the promotional activities are visible to the customers because the advertisements are telecast for the mass media. Companies also undertake sales media and intermediary sales programs to increase their sales. Hence, without a proper promotional activities company can suffer problems like sales force end and many company who failed to promote their products may face several problems such as not completing the desired goal in term of maximizing their sales. Moreover, many company's offer sales promotion programs very frequently which is not a good idea. Sometimes excessive sales promotion may cause for a brand image erosion. So the real definition of the promotion is the constructive way of all seller initiated efforts to set up different channels which can lead to a perfect sales maximization goals to achieve appropriate acceptance and approval of the customers in the market.

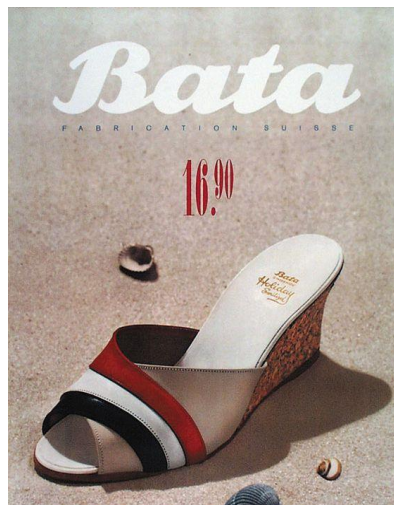
5.12 Promotional activities of Apex footwear limited

Gallerie Apex from its very origin has been a sales oriented company. So the management hardly thought of making any proper communication whatsoever. The concept of branding is very new to the company. Hence in the initial phase of launching flagship products such as Venturini, Maverick and Nino Rossi no proper awareness building campaign took place. Instead Apex went into using some in-store promotions for their precious new brand. Here is some of the image of purchase (POP) promotions of Apex Footwear limited:



5.13 Promotional activates of Bata Shoe Company

Bata is one of the company which previously do not believed in extensive media or public related promotions. However, Bata did a lot of promotional activities through television media and printed commercial media. Most of the major promotions are offered by Bata in seasonal sales and discount sales which will help only the end benefit customers to buy at a lower price products. As I mentioned before at present Bata also do their promotional activities through TV commercials and relies on the pull strategy which can bring the customer to the distribution point to buy their products. When there was no other foreign brands not even Apex, Bata has created the best brand equity and still counting on it. For the strong hold on brand equity Bata is still the market leader and the way they expanded their business it is quite difficult to take that place. Here I am going to mention some of the recent promotional activities of Bata:



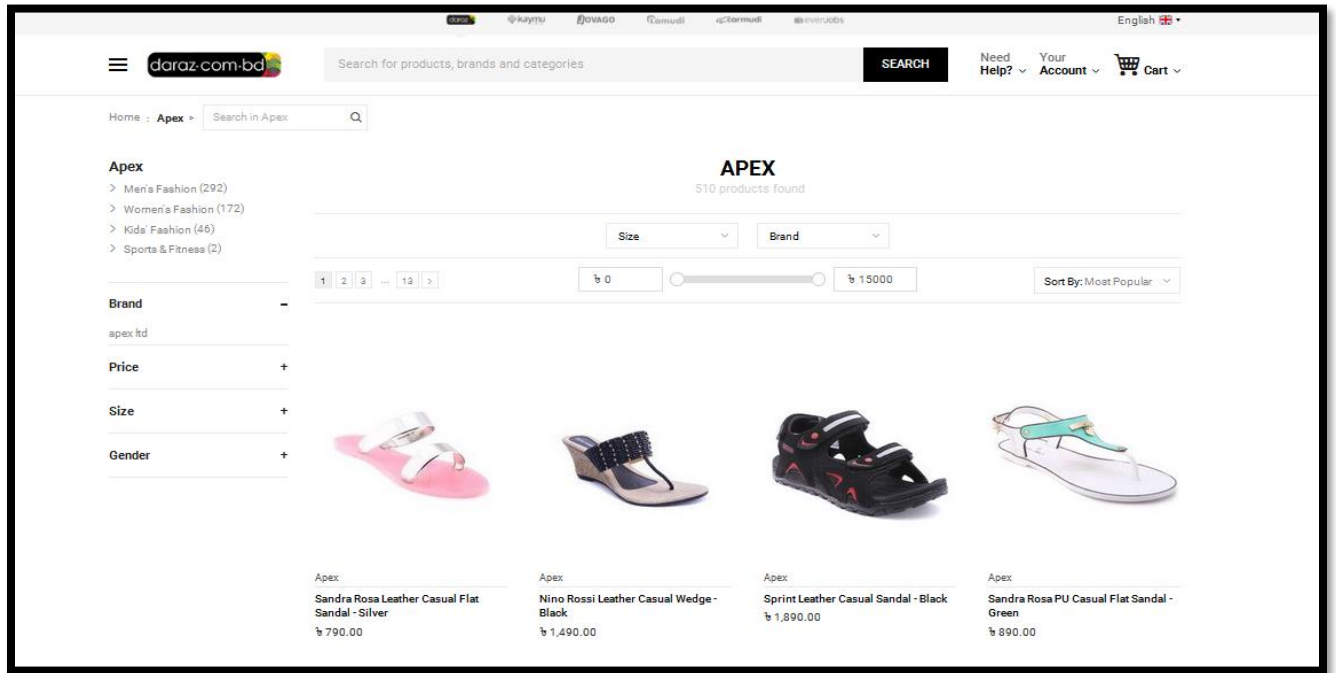
5.14 Comparison of above the line (ATL) and below the line (BTL) promotional activities between Apex footwear limited and Bata shoe company

Before we are going to any comparison we need to know what is exactly Above the line and Below the line advertise mean? Above the line (ATL) refers to the degree of doing promotional activities where the mass media is used heavily for the promotion. It includes conventional media as well as modern way of doing advertisement via internet and social media such as Facebook and Twitter. Moreover, this is a way of communication that has been done for the large amount of people to promote the brands so that they can create a concrete brand equity for the company.

In the case of Apex footwear limited my opinion is they have successfully accomplished to reach out towards the targeted customer via television and internet advertising. People those who are keeping their pace with modern world and would like to shop over the internet for them Apex did a very effective portal. Apex footwear has not only their personal online service they actually figured out a very effective way of (ATL) advertising via another intermediary online shopping portal e.g daraz.com.bd. Nowadays most of their products both premium and moderate quality are selling via Daraz online portal. Thus there are some benefits for this kind of advertising I am going to enumerate below:

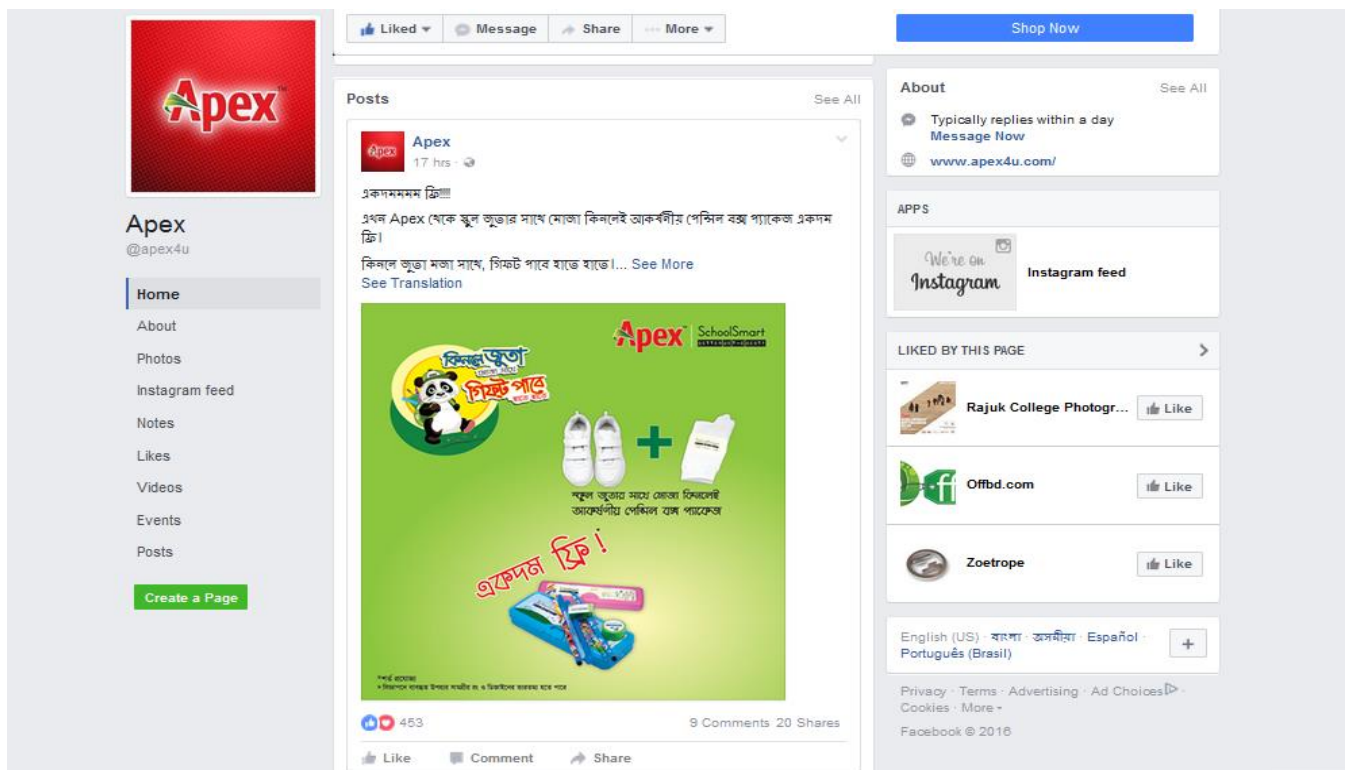
- a. Daraz Bd has a tremendous online reach among the customers who really want to shop over via internet. It is like the amazon for the people of this country for the Bangladesh.
- b. Using Daraz for the sales of different shoes most of the customers who wants to shop via online Apex's product is becoming very available to them.
- c. Daraz has a very strong and frequent advertising way in the Facebook, Twitter, and YouTube where most the people surf very frequently.
- d. Giving Daraz to promote the product of Apex footwear the company is creating mass interaction such two different company is doing advertisement for the Apex products.
- e. Through their own portal and Daraz Bd website Apex is doing a great job in terms of promotion and especially Above the line (ATL) which is for the mass people.

Here are some example of Apex footwear limited ATL with Daraz Bd,



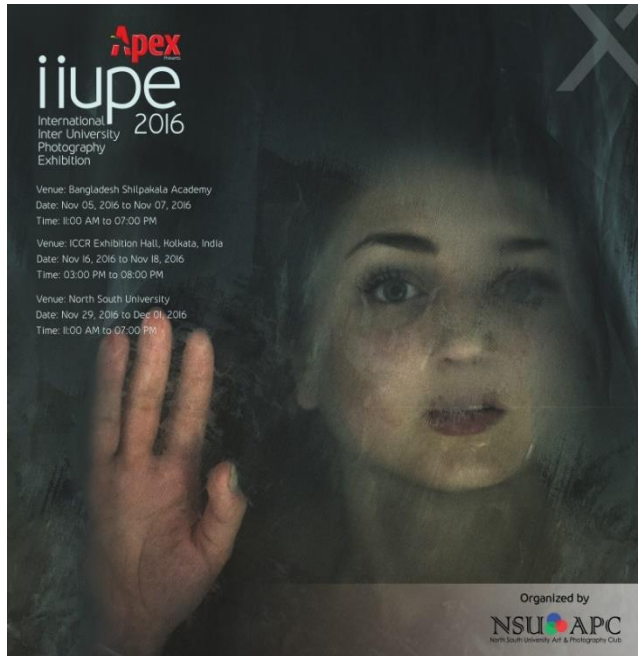
Source: Daraz.com.bd/apex.

5.15 Apex Footwear Facebook page for advertising their Product and services



Source: Apex Facebook Page

Additionally, Apex Footwear also do some sponsorship for different event in various location such as university events, Job fair and trade fair etc. Here are some of the snapshot of Apex sponsorship to organize different event.



Source: Sponsorship posters, North-South University and Coca-Cola.

Not only the through social media but also Apex doing their promotional activities in such a way that foreign world class shoemaker company do their ATL advertisement via Blogs, TV commercials and FM radio such as Nike, Adidas, Rebook etc. There are some example of TV and blog advertisement snapshots are mentioned,



Source: TV Commercial Advertisement

The banner features the Apex logo in the top left. The main headline is 'APEX TRENDING IN PARIS' in large, bold, black letters. Below it, in smaller text, it says 'NOW AT APEX STORES' and 'TREAT YOUR FEET THIS EID'. The visual includes a wireframe representation of the Eiffel Tower on the left and a person sitting on a wireframe chair on the right, wearing red sneakers. At the bottom right, there is a small Facebook link: 'facebook.com/apexfootwear' and 'www.apexfootwear.com'.

Source: Apex Footwear Blog

Another way of advertising that I have mentioned so far and that is below the line (BTL) promotional activities. Now, below the line advertising means going one to one in other word going individually and spread the product offerings. Moreover, Apex do this kind of promotional activities in different occasions. For example, when I was in that organization Apex spread many posters going towards every individual employee to spread the Eid offers and new product variants. This promotional activity also called the direct marketing which may successful whenever a company do for their direct customers. Other than that Apex having their employees to promote in the time of special occasions in different big shopping mall such as Bashundhara City, Jamuna Future park etc. However, apex also send their customers mail to spread the news of new offerings and that is also part of a BTL promotion.

Interestingly, there is another term call TTL which is done by the Apex footwear which includes all the BTL and ATL activity together. There are some BTL activity poster snapshots are mentioned below:



Source: Apex Online Portal

5.16 Bata Shoe Bangladesh Above the Line and Below the Line Advertising

Bata actually do their advertising basically on two different ways such as Consumer promotions and trade promotion. Under consumer promotion they have the Gift Vouchers which is sort of complementary use for their brand image building. Basically the gift voucher for the individuals which represents they are doing the below the line advertisement and the advertisement is done which consist of three different features:

- For retaining the conventional dimensions.
- The vouchers validity is approximate 6 months
- The voucher can be redeemable with all the Bata products.
- Lastly, the voucher can be accepted at over 300 showrooms across the country.

By this information we can easily understand that Bata is doing the below the line promotional activities for increasing the Brand equity of their customers.

BANGLALINK BATA OFFER



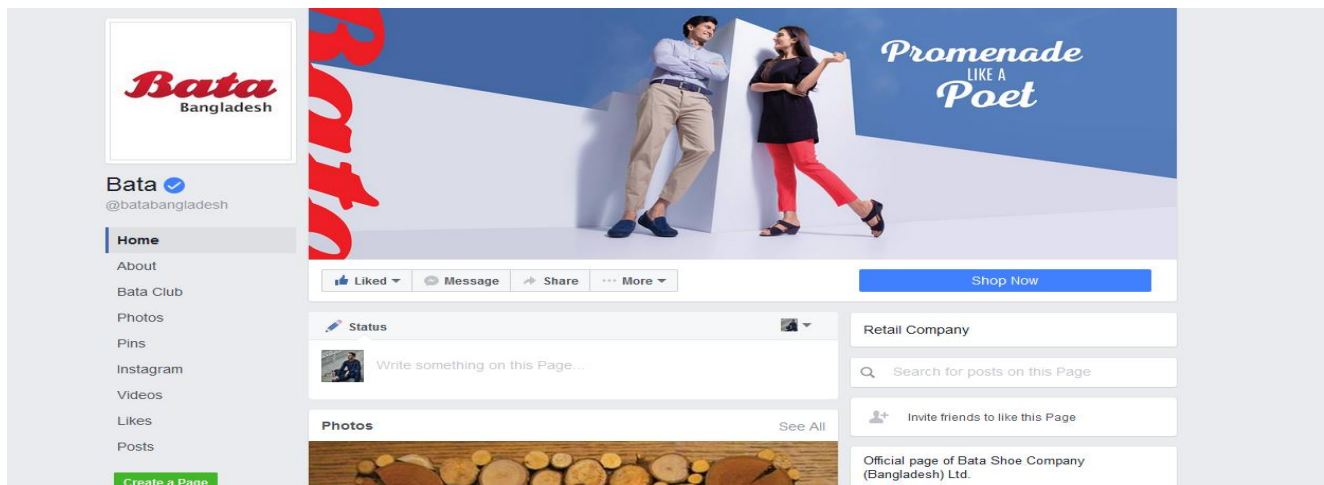
On the other hand in the case of Above the line promotional activities Bata has done many campaign through TV commercials and Internet. Bata has also their own online portal to sell their product online. In addition the way Bata has emerged their business in Bangladesh the advertisements via online could have been better in my opinion. But after all they are doing a very good job in terms of spreading the news and offerings via online media portal and TV commercials.

As I mentioned earlier in the report Bata’s main objective for promotion were penetration to new and targeted market segment to introduce newer shoe line as well as Identification and detailed analysis about cost structure in order to achieve maximum level of profit.

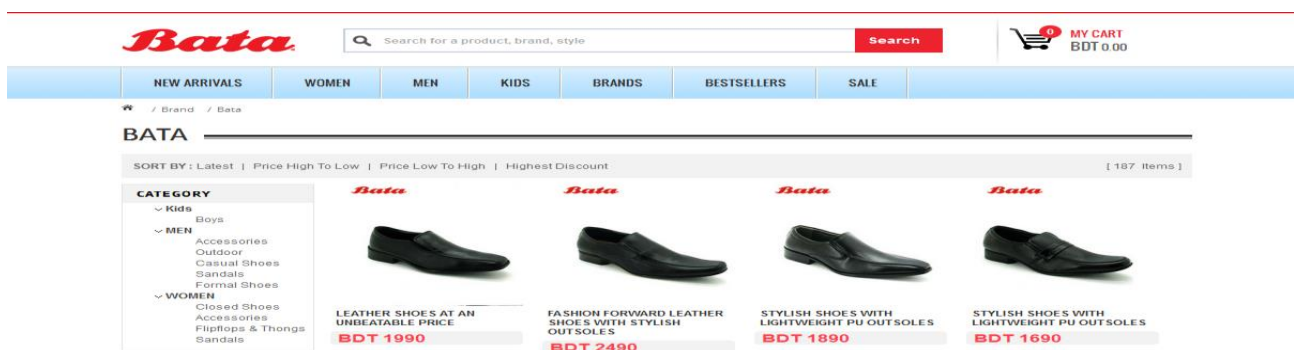
So far I have found three major way of doing the promotions those concerned with the planning and persuasive connection with the customers. As they are the established brand and market leader of our country they have limited their advertisements into three basic criteria’s such as,

- ✓ Billboards
- ✓ Adds on local newspaper.
- ✓ Some promotional activities with top brands in the market.

Thus, there is a few promotional activities of Bata which represent the exactly the ATL and BTL advertising but the way they are doing the promotional activities most of them are falls under the TTL promotional activities that there are the mixture of all the activities in the market. There are some mentions of Bata TTL advertising:



Source: Bata Bangladesh, Facebook page.



Chapter 7

Key Findings

7.1 Key Findings

Throughout my internship period and when I was preparing my internship report I have found some major barriers which may distract the company to build a proper brand equity for the sake of achieving a position of a market leader in future. Thus, I have to mention here some point which company need to eradicate first then go for the initiatives to create the flawless brand equity with the proper execution of pricing strategy and promotional activities not only for the local market but also for the foreign market.

As I mentioned earlier, Gallerie Apex was a totally sales driven organization until recently. Now after the analytical part the necessity of maximized the brand equity in order to compete with the rivals in the consumer market. The company used to communicate about the Gallerie Apex brand, not the brands under the mother brand. So apart from the parent brand, no other brand has its own identity. As a result, Apex may face the following difficulties in the long run:

- ✓ There is no proper positioning of the sub brands like Venturini, Maverick and Moochie in the minds of the consumers.
- ✓ No proper guideline has been set. So confusion arises about the features.
- ✓ At times some of the features overlap with Apex formal shoes.
- ✓ No proper communication developed for so expensive a product like Venturini, Maverick and Nino Rossi.
- ✓ Once launched without branding misguided the consumers and as a result they moved to some other expensive brands instead. To further convert these consumers will be very difficult.
- ✓ There is no premium service for the sub-brand consumers to make them feel extra special. So the consumers left dissatisfied.
- ✓ No proper justification of the extra price charged for the product.
- ✓ Sub brands like Venturini and Mavricks comes in limited edition. Moreover not all sizes are available in every outlet which again leaves consumers disappointed.
- ✓ The product itself does not maintain consistency in terms of material used. So the quality is difficult to ensure.
- ✓ The consumer feedback is not taken with proper importance. As a result hunch prevails in times of further order.

Now the other findings are based on the pricing strategies and promotional activities:

When I did my analyzing part I have found some points for the Apex footwear where the company needs to improve the strategies or increase or change the promotional activities as well to achieve the maximum brand equity which will definitely help the company to reach the desired place in the market.

- i. Whenever I did the customers rating on ideal shoes Apex is doing much better than Bata or Fortuna in terms of providing better quality more or less exactly like Bata within the best price point.
- ii. In terms of market penetration pricing Apex is doing better than Bata because they introducing a new brand within a really affordable price point and if we analysis the sales and the marketing data Apex is doing better than other rivals in the market.
- iii. In the case of promotional pricing the Apex doing more or less same as Bata. But in some point such as too much sales on a very low pricing may hamper the brand image in the long run and the company will suffer in a state of image loss consequently the company may lose sell.
- iv. In case of above the line strategy implementation Apex has done a great job selling their products through Daraz Bangladesh on the other hand Bata has their own online portal but the main point is Daraz is one of the best ecommerce company in the country and Draaz has their advertisement everywhere. Thus it is a very good point to increase sales in the long run as we can see in annual report.
- v. Due to offerings of individual promotions, employee discount, spreading posters and other below the line a promotional activities always have a widespread effects on achieving long term goals.

Chapter 8

Recommendation & Conclusion

8.1 Recommendation & Conclusion

In the case of pricing strategy implementation, Apex is only focusing on three or four pricing strategies till now. But for achieving amount of revenue in the long run, the company needs to focus on other pricing strategies such as premium pricing, bundle pricing, etc. Regarding promotional activities, Apex prioritizes Above the Line (ATL) over Below the Line (BTL) promotional strategy. Hence, maximum customers from the rural area would not hear about the product. Apart from that, Apex only offers their premium product line sub-brands like Venturini and Maverick to certain divisional areas. In this way, they lose out on a lot of customers. Furthermore, Apex can introduce new brands such as Moochie and Nino Rossi in the divisional areas like outside Dhaka. Lastly, consumer feedbacks could be introduced in their strategy.

Apex has strived a lot for its effective pricing and promotional activities over the last few years and recently, it has shown great potential of becoming the market leader should they introduce more strategies into their account. It seems that they have maximized their brand equity well because people nowadays have a tendency to visit Apex when it comes to buying shoes.

Chapter 9

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