

Project Report

On

The Consumer Behavior of Leather Industry in
Bangladesh

Submitted to

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Date of Submission:

Letter of Submission

Date: 24 April, 2019

To,

Mrittika Shil

Lecturer, Department of Innovation & Entrepreneurship

Faculty of Business & Entrepreneurship

Daffodil International University

Subject: Submission of project 02 report on Internship.

Dear Sir,

With due respect, I would submit my project 02 report on internship at Annex Leather Limited. I have collected information as possible from the management of Annex Leather limited. I have been working here for one month. I believe that this internship program will enrich both my knowledge and experience. If you have further queries regarding this report, please let me know. Thank you.

Regards

Naima Jahan

ID: 172-45-155

Program: BED

Department of Innovation & Entrepreneurship

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Daffodil International University

Declaration of student

I am Naima Jahan, ID: 172-45-155, 8th batch, Department of Innovation & Entrepreneurship, hereby declare that the presented project 02 report on Internship is prepared by me after completing my one month out of 6 month's work at Annex Leather Limited.

My original work is submitted to Daffodil International University, and no part of this report has been submitted for any other courses , degree or fellowship and the work has not been publish on any journal or magazine.

Naima Jahan

ID: 172-45-155

Department of Innovation & Entrepreneurship

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Letter of Acceptance

This is to clarify that Naima Jahan, ID: 172-45-155, program: BED, 8th batch, is a regular student of Department of Innovation & Entrepreneurship, Faculty of Business & Entrepreneurship, Daffodil International University. She has completed her one month of internship at Annex leather Limited, Dhaka and she has prepared her internship report under my supervision. The data and findings presented in this report seem to be authentic. Thus, the internship report has been accepted for her project 02 course.

I wish her all success in life.



Mrittika Shil

Lecturer, Department of Innovation & Entrepreneurship

Faculty of Business & Entrepreneurship

Daffodil International University

Acknowledgement

First, all praise to go to the Almighty Allah, the most gracious, the most merciful, the most kind & generous to mankind and His action. This internship report is about leather industry in Bangladesh. For preparing this report, I am grateful to Mr. Tofazzal, operation head, Annex leather Limited. He helped me a lot through the time of work by giving his valuable time.

I would like to convey my sincere gratitude to my University supervisor, lecturer Mrittika Shil, Department of Innovation & Entrepreneurship, Faculty of business & Entrepreneurship, Daffodil International University. Without her guidance & assistance the report would not have been seen light of day.

Finally, my deep gratitude goes in favor of my university for getting library, lab facilities & my teachers to enrich my knowledge, which helps me in different stages to complete this report.

Executive summary

The project report has been made based on six-month internship at Annex Leather Limited. Out of six month I have completed only one month. I choose this internship program because I want to do business with leather goods so this internship program helps me to know the practical knowledge about the entire leather industry so that I can apply my knowledge into my business.

In 1965, the first tannery was established by R.P. Shaha at Narayongonj. After that the tannery was shifted to Hazaribag and expanded the leather industry from there. But now government again shifted the whole tannery industry to Savar and named it Savar leather industrial park.

Annex leather limited is a public limited company in Bangladesh. Five years back from now Mr. Tofazzal and Mr. Mustafa jointly started a startup at azaribag. And the most amazing thing is after 5 years of their establishment they enrolled their business in public limited company.

Though Bangladesh is producing lots of raw leather but the surprising thing is we contribute very little in the local market. The world market is about \$215 billion and our contribution is only 1.08 billion that means 10% of the entire market. Another thing is our local market size is also

big and it is about 160 billion and out of 160 billion we are able to meet demand only 40% and rest of the 60% met by importing from abroad.

The report comprises of four parts- In consisting chapter one includes Introduction of the study, objective of the study, scope and limitations of the study. In chapter two the overview of the company, their vision and mission, production, supply chain management, marketing, sales. The chapter three of this report contains the findings and SWOT analysis of the company. The last chapter, chapter four is all about recommendation and conclusion

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Chapter One

Introduction

1.1 Introduction:

If we look at the present situation and comparison of leather and leather products production in Bangladesh compared to other countries, then we see that Bangladesh is one of the largest good qualities of raw leather producer country in the world. But the most unexpected thing is we are not in the top 10 position in the whole world, where china India, USA leading the market. Another thing is USA's 90% finished leather comes from Asian countries through exporting there for processing. Apart from this case, we export processed leather like to India, USA and other countries as a result what happens if we export finished products instead of processed leather we can earn more. And though this leather sector is second priority sector in the Bangladesh, leather producers are not initiates to move forward to make finished products.

1.2 Origin of the report

There are myths about leather in our country and these are, leather product is more expensive and it is not durable. But these myths are not right that price is affordable by the customer because we are the direct producer and it lasts very long time. This report titled "Buying behavior of leather goods in Bangladesh" is prepared as a part of the fulfillment of project 02 of the Bachelor of Entrepreneurship degree.

1.3 Objective of the report:

The main objective of this report is to analyze the buying behavior of leather goods in Bangladesh.

- To know what are the major factors consider buying leather goods.

- To know why customers are not willing to buy leather goods?
- To analyze what types of leather goods they want?
- To find out the exact gap between customer and producer.

1.4 Methodology

This report is prepared for to know the buying behavior of leather goods in Bangladesh and I have collected necessary information from two types:

- ❖ Primary sources of data
 - Face to face interview with some leather goods producer
 - Interview with some customer
- ❖ Secondary sources of data:
 - Documents of Annex leather limited
 - Different websites
 - Different newspaper and article

1.5 limitations of the study

- Every organization has their own secrecy so I cannot get proper and accurate information sometimes.
- Lack of time
- The location of leather industry is not a friendly place for a alone women for collecting data.

Chapter two

Overview of the company

2.1 Brief overview:

Annex leather limited is a public limited company in Bangladesh. Five years back from now Mr. Tofazzal and Mr Mostafa jointly started a startup at hazaribag. And the most amazing thing is after 5 years of their establishment they enrolled their business in public limited company.

Though Bangladesh is producing lots of raw leather but the surprising thing is we contribute very little in the local market. The world market is about \$215 billion and our contribution is only 1.08 billion that means 10% of the entire market. Another thing is our local market size is also big and it is about 160 billion and out of 160 billion we are able to meet demand only 40% and rest of the 60% met by importing from abroad.

So between this crucial point Annex leather Limited working to fulfill the local demand along with increasing global market contribution through exporting leather goods. As their target customers are middle class people in the Bangladesh, so they consider the affordable price for the customer so that we all can buy leather goods and increase our domestic market.

2.2 Vision of Annex Leather

To expand their business all over the Bangladesh by few years.

2.3 Mission of Annex Leather Limited

Keeping the vision in the mind they will serve good qualities of leather goods in an affordable price.

Chapter Three

Production

3.1 Production

Annex leather Limited is leather goods producer in Bangladesh. They produce lots of leather goods in different category. Their products are shoes for male female both, bags (travel bag, different ladies bags, corporate bags etc.), prayer matt, prayer cap, and others accessories items. Among these products categories most of the products are made by Annex at their production house. Only shoes are out sourcing from the third parties because Annex is a startup, for shoes production there needs a huge infrastructure and that is more costly at this moment for Annex. But they have plan for it to go production at a full swim.

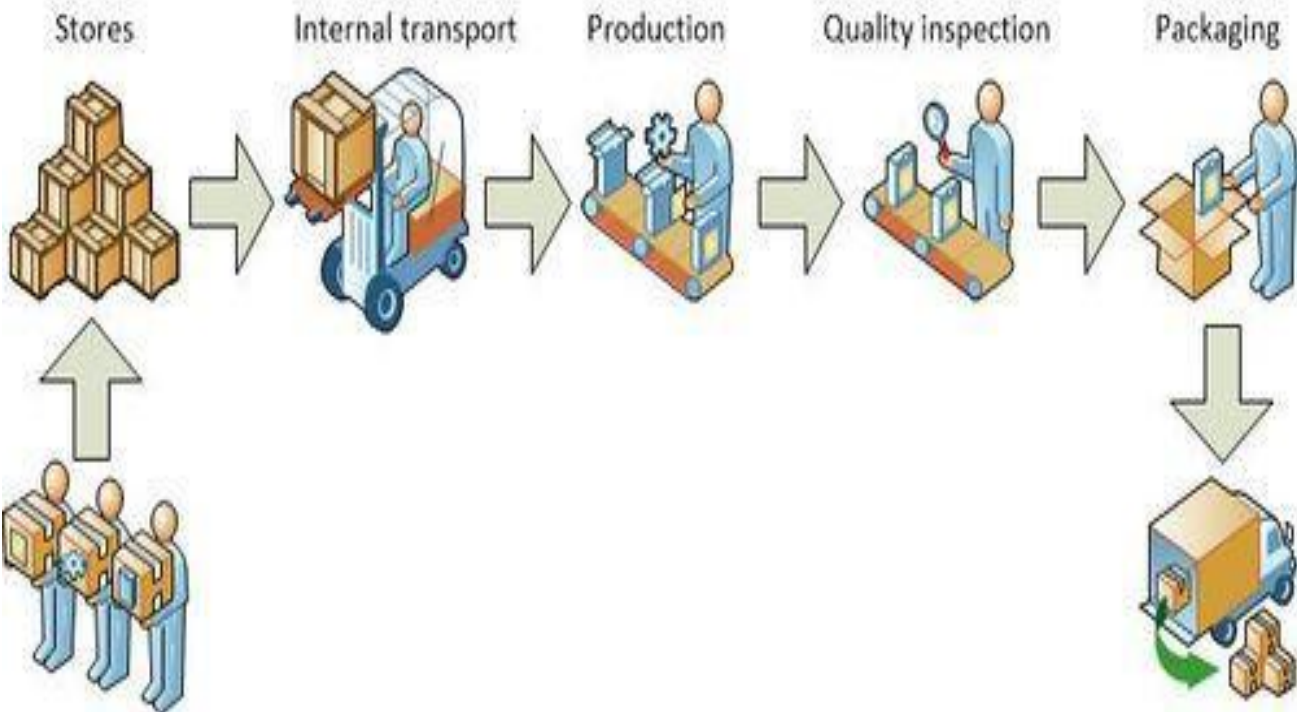
In their production house, every product transformation from its raw shape to its finished shape, they take time average only 4 to 5 days. They have around 20 skills employees in their production site. After finishing the products make, every product is send to the quality control room for measuring the quality according to design or standard.

3.2 Product List:

Product Name	Customers	Materials
Shoes	Male. Female	Leather
Bags	Male, Female	Leather
Belt	Male	Leather
Money bags	Male	Leather
Prayer mat	Male, Female	Leather

Payer cap	Male, Female	Leather
Other		Leather

3.3 Production Process:







Made in Bangladesh

100% Genuine Leather Products



Chapter Four

Supply Chain Management

4.1 Supply Chain Management

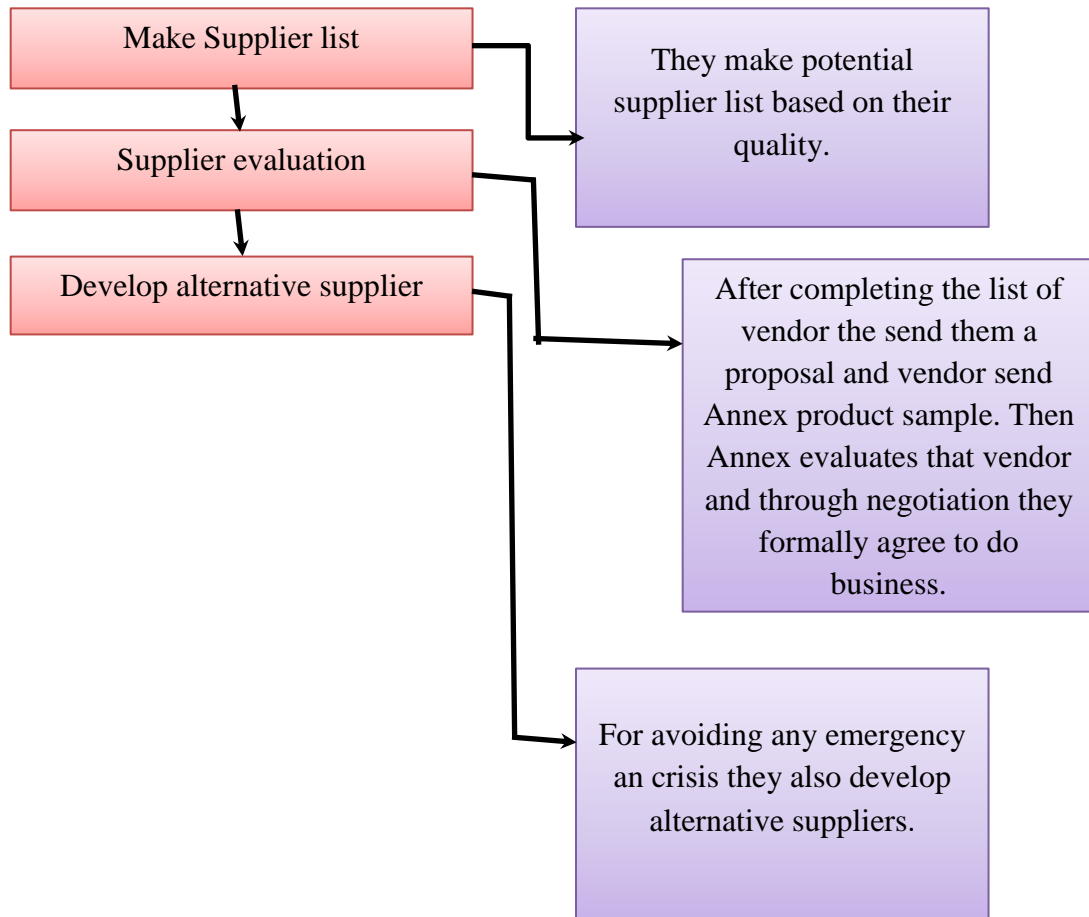
Within the organization supply chain management refers to such activities like inbound and outbound transportation of products, warehousing, inventory control, sourcing supplier etc. So Annex leather follows supply chain management for better output of production and their supply chain management is very strong because they directly collect their raw materials and other accessories from those production house as a result they can buy products at a very cheap rate.

4.2 Forecasting demand:

Basically we produce products based on forecasting because we don't know how much will be sold or not. So in this case Annex Leather estimates their raw materials according to their product demand and their experiences. For minimizing the cost and others factors they always plan to purchase around 6 months materials at a time.

4.3 Sourcing Supplier:

After forecasting the demand Annex leather limited sourcing needs to source the supplier who can supply the best products. It can be third party or other producer company. They select supplier very carefully because the final products depends on the raw materials which will be collected from different supplier. To select good supplier they consider some major factors and they are- quality, price, reliable and convenience because behind this consideration they think that they will not change their supplier frequently that hamper the business flows as well as production flows. That's why they always try to find out the most reliable and best supplier to supply their raw materials.

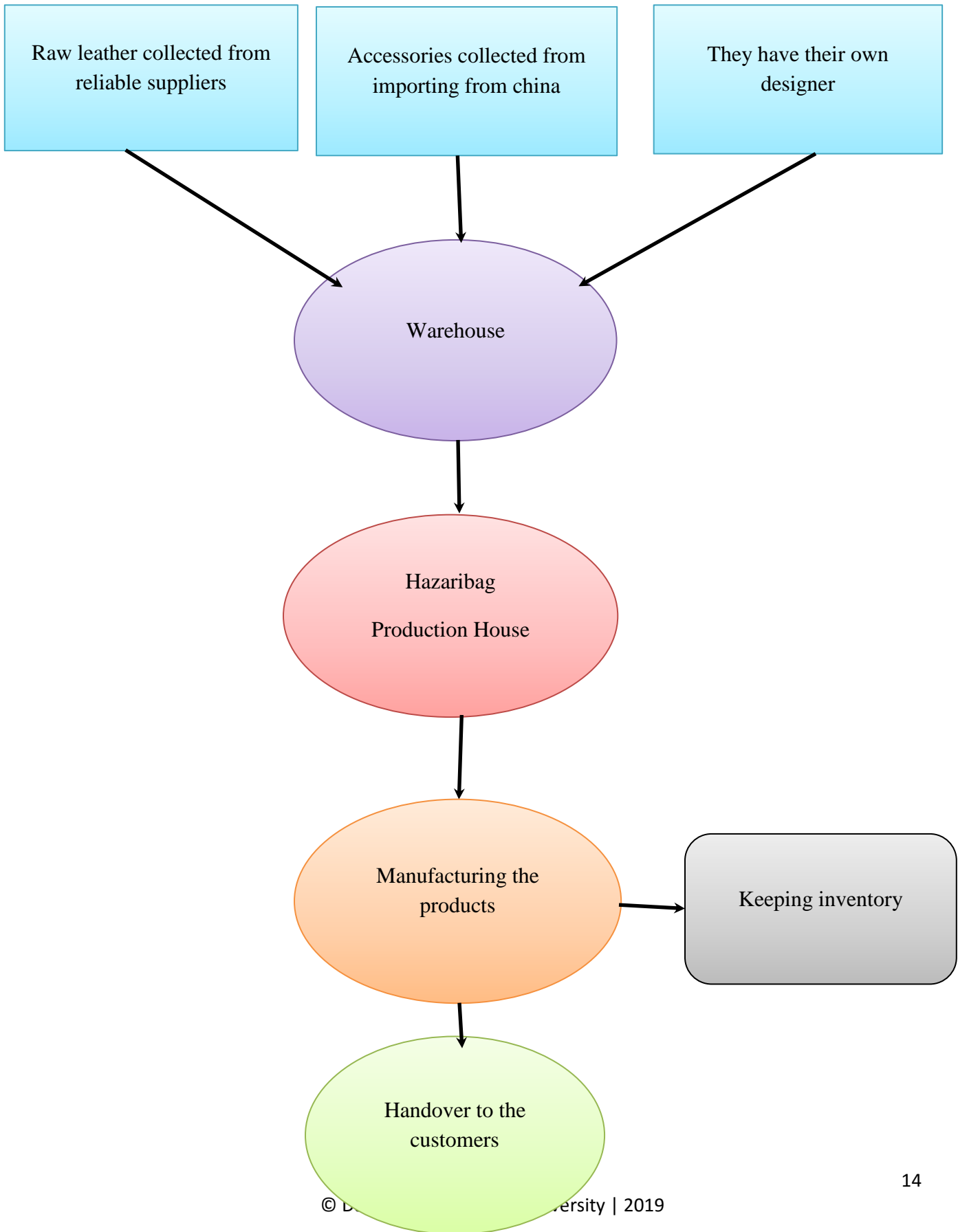


4.4 Manufacturing

After all the process is to be done, then they go for manufacturing. Annex Leather has its own production factory and here different products are produces and other thing is they also sourcing the products from different manufacturer and most of the time the sourcing shoes and some bags.

4.5 Inventory

To minimize the cost, they keeping inventory for each products with its details so that further they have not to face any crisis.



Chapter Five

Marketing & Sales

5.1 Marketing

Marketing is the core function of any kind of business. As Annex is working with leather products and in our country perspective there are some myth about leather products. Among those myths, customer knowledge and lack of knowledge are most important. So as we know that Annex is doing their business on that point so they have to emphasize on product marketing in different angle so that customer has no confusion when they go for buying leather goods.

Types of advertising & promotion	Details
Digital marketing ((Facebook, E-mail, Linked in, You tube)	They already have created a Facebook page. Every update and information about their company are available for their customer.
Website	They have their own establish website and they are strictly maintain that because they are also exporting their products in abroad.
News Paper	As their target customer is all over the country so some of the place in our country still not yet under social media and website coverage. So reach those under coverage people they regularly publish advertisement in the prominent newspaper in Bangladesh.
Banners	For the city customer like Dhaka, Chittagong they are posting banners.

5.2 Sales

For selling products Annex leather limited has three outlets. Two outlets are in Dhaka city and rest of the one is Chittagong. Apart from these three outlets they have also few online store in different platform like Daraz, Ajker deal and Facebook page.

Chapter Six

SWOT Analysis & Findings

6.1 SWOT Analysis of Annex

<p style="text-align: center;">Strength</p> <ul style="list-style-type: none"> ➤ Availability of raw material ➤ Cheap labor cost ➤ High growth ➤ Potential market 	<p style="text-align: center;">Weakness</p> <ul style="list-style-type: none"> ➤ High price ➤ Lack of awareness ➤ High cost structure ➤ Lack of promotional activities
<p style="text-align: center;">Opportunities</p> <ul style="list-style-type: none"> ➤ Potential local & international market ➤ Government special concern 	<p style="text-align: center;">Threats</p> <ul style="list-style-type: none"> ➤ Technological hindrance ➤ Establish market competitors ➤ Financial crisis

6.2 Comparison among Annex Leather Limited and others

Annex Leather Limited	Bata
<ul style="list-style-type: none"> • Annex leather limited is a Bangladesh public limited leather producer company • Founder of Annex are Mr. Mostofa Dpi & hir partner Toffajjol Topu • Age of Annex limited is only 05 years • They have only 03 shop in 03 different places in Bangladesh • Annex registered itself as a public limited company 	<ul style="list-style-type: none"> • Bata is a Canadian multinational shoes maker company • Founder of Bata brand is Thomas Bata • Age of Bata brand is 124. • They have 5300 shops in 70 different countries. • They are working with differ products like leather shoes, bags, clothing

6.3 Findings

- Their overall business documentations are not good because their no. of official employees is very few as a result one employee done different types of job.
- Their marketing is traditional not trendy as a result they are unable to attract more customer.
- They are less innovative

Chapter Seven

Recommendation & Conclusion

4.1 Recommendations

- ❖ To attract more customers Annex leather Limited has to create new marketing strategy which will increase their brand value.
- ❖ Annex Leather need to more emphasize employee's skill development.
- ❖ All the official activities should be under digital technology.
- ❖ Improving customer feedback system
- ❖ To hire a good designer

4.2 Conclusion

Though Bangladesh is the one of the largest raw leather producer country in the world but lack of nurture and proper patronage, this industry is now in threat. If government of Bangladesh and we are the entrepreneurs to take initiatives then we can bring the life back in this industry. Because if we carefully noticed in the global market we can see that the top leather producer countries are lost their market because of increasing wages of leather industry, different tax issues etc. so in this stage we have the great opportunity to make use of those opportunities.