

An Analysis of Marketing Activities of Yako Leather Industry in Bangladesh



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Submitted To

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Submitted By

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Letter of Transmission

11 September , 2014

Mohammed Shibli Shahriar

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Subject: Submission of Internship Report on **"An Analysis of marketing Activities of Yako Leather Industry in Bangladesh"**.

Dear Sir,

I have got an opportunity to practical working in Yako leather Industry in Bangladesh and prepare an internship report. I am very much pleased to submit the report on **"An Analysis of marketing Activities of Yako Leather Industry in Bangladesh"** which is pivotal requirement for the completion of MBA program. This report is a result of the Internship program that I have conducted during specified time. All the works presented here is done with utmost sincerely and honesty.

I have tried my best to make this report holistic and informative enough. Besides this, there may be shortcomings. I would be grateful if you consider those from excusable point.

Sincerely yours,

Md: Rajib Hasan

Id: -123-14-843

Department of Business & Economics

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Certificate of Approval

I am very pleased to certify that the Internship Report on on **“An Analysis of Marketing Activities of Yako Leather Industry in Bangladesh”** a study on Abdullah pur, Uttora, Dhaka prepared by Md:-Rajib Hasan, Id:- 123-14-843 of the Department of Business Administration , Faculty of Business & Economics has been approved for presentation and defense. Under my supervision he workrd with Abdullah pur, Uttora, Dhaka as an intern.

I am pleased to hereby certify that the data and the findings presented in the report are the authentic work of him I strongly recommended the report presented by Md:- Rajib Hasan for further academic commendations and defense.

He bears a strong moral character and a very pleasing personality. It has indeed been a great pleasure working with him. I wish him all success in life.

Mohammed Shibli Shahriar

Assistant Professor

Department of Business Administration

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Student's Declaration

I declare that the internship report "**An Analysis of Marketing Activities of Yako Leather Industry in Bangladesh**" embodies the results of my own research works, pursued under the arrangement of Yako leather.

I further affirm that the work reported in this report is original and no part or whole of the internship report has been submitted to, any other university or institution for any degree or award or any other purpose.

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Executive Summary

Yako Leather industry in Bangladesh is well established in the economy. A lot of finished products are being produced from this industry over the years. The industry gets a lot of raw materials during the Eid festivals. But at the other times the industry faces a shortage of raw materials. The factories under this industry are polluting the environment severely. Most of its employees are not well paid. The Government's various policies regarding this do not seem very effective. These policies are abortive in nature.

Beside these, the industry is contributing to the economy positively. A lot of foreign currency is earned through exporting leather based products. But as the design and quality of our products are not competitive as other exporting countries, we have to face great difficulty in competing with those countries. The cheap labor may seem to be a positive way to reduce cost but this is not the ultimate solution of it.

Here in this report the reporter has tried to find out the problems of this industry. To do this the report has been compiled in the following way.

First chapter presented the Statement of the research problem, scope and Objectives of the study, Methodology of the study, Limitations of the study.

In second chapter, I gave a brief discussion of Yako leather industry in Bangladesh.

Third chapter talked about the marketing activities of yako leather industry.

Fourth chapter is decorated by the findings and recommendations.

Then at last a conclusion has been drawn about the overall situation of the industry.

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Chapter: 01

Introduction

Introduction

1.1 Statement of the research problem:

Bangladesh, traditionally known for jute and tea exports, has recently attracted world- wide attention for readymade garments and leather exports. Bangladesh foresees an expansion of her agricultural sector, as well as increased diversity in nontraditional industries and business. Increase of rate of production and expansion of trade result in growth of national wealth. Increased production in export sectors may become the prime mover in the development cycle in a densely populate of Bangladesh. Among the export goods of Bangladesh leather goods held a very prominent position as a big portion comes from leather in export earnings and facing some problems in this sector. The main intention for preparing this report is to focus on the marketing activities in exporting yako leather industry in Bangladesh.

1.2 Objectives of the study:

The scope of this report is very broad as it focused on the existing problems in exporting leather and also the solutions. The major objectives of this study are: -

- To identify the 4Ps of yako leather industry.
- To analyze the marketing activities of yako leather industry.
- To identify the problems of those activities.
- To prescribe some suggestions to overcome from the problems.

1.3 Methodology of the study:

Sources of Data:

Primary sources of data

- Officers
- Buyers

Secondary sources of data

- Relevant papers and different books and publication
- Annual report of yako leather industry
- Official website
- Brochures of yako leather industry
- Various files, balance sheet and various documents
- Interview has taken and the questions asked Manager of Yako leather industry.

- Role of institutional arrangements in developing the industry.
 - Quality and Environmental issues: environmental and standards requirements in major importing countries, country experiences in complying with standards.
 - Impact of Government Policies on the leather sector in selected countries.
 - Potential for growth and International marketing chain analysis.
-
- Possible components of leather sector policy for YLI: best practices in selected countries, scope for support by the development agencies and bilateral development partners, future areas of research and studies etc.

1.4 Limitations of the study:

This internship report is my first assignment outside our course curriculum in the practical life. I am the student of "Department of Business Administration". Just have completed our formal graduation (MBA) stage. After completing the institutional experience, practical performances in the formal stages become difficult. So in performing this report lack of proper knowledge of mine greatly influenced in this performance. Besides above, have to face some other limitations are:

- ❑ Lack of availability of data
- ❑ Improper combination among various departments

- ❑ Time is a limitation that would mostly with stands a comprehensive on the topic selected
- ❑ Up-to-date information were not available
- ❑ Don't give the data from their source document
- ❑ Unwilling to give information more because of extra harassment without their responsibility
- ❑ Being busy, also another reason of not giving more information
- ❑ They are not government employee so have no eagerness to supply more because of extra hardness
- ❑ Officials deny disclosing some information as to maintain secrecy.

Chapter: 02

Overview of Yako Leather Industry

2.1. History of yako leather industry in Bangladesh:

Yako leather industry has become a trusted name in the leather sector in Bangladesh. There were 70 leather processing tannery units during the pre-independence period of Bangladesh. 35 were large or medium and the rest 35 was cottage to small tanneries. The medium and large units were engaged in wet blue processing for export while the small ones used to produce low-grade finished leather for domestic market or process wet blue for big tannery units. Yako leather industry is one of them.

2.2. Company Mission:

Yako leather industry mission is to enrich the quality of life of people through responsible application of knowledge, skills and technology. YLI is committed to the pursuit of excellence through world-class products, innovative processes and empowered employees to provide the highest level of satisfaction to its customers.

2.3 Company Vision:

To realize the mission Yako leather industry will:

- Endeavor to attain a position of leadership in each category of its businesses.
- Attain a high level of productivity in all its operations through effective and efficient use of resources, adoption of appropriate technology and alignment with our core competencies.

- Develop its employees by encouraging empowerment and rewarding innovation.
- Promote an environment for learning and personal growth of its employees.
- Provide products and services of high and consistent quality, ensuring value for money to its customers.
- Encourage and assist in the qualitative improvement of the services of its suppliers and distributors.
- Establish harmonious relationship with the community and promote greater environmental responsibility within its sphere of influence.

2.4 Values:

- Quality
- Customer Focus
- Fairness
- Transparency
- Continuous Improvement

2.5 Industry viewpoint:

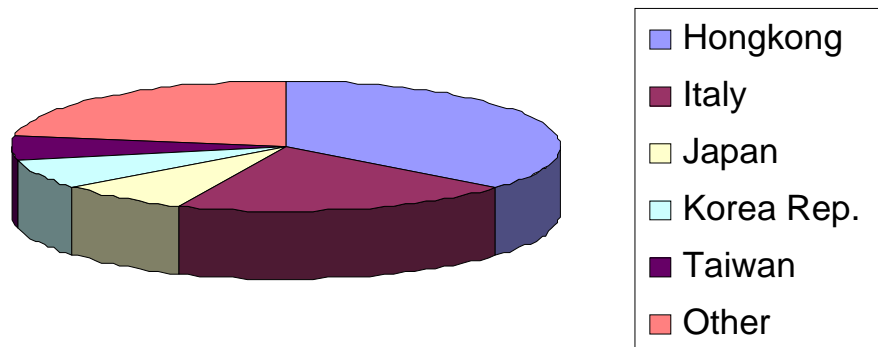
There is already a substantial domestic leather industry, mostly export-oriented. The leather includes some readymade garments, although that, aspect is confined mainly to a small export-trade in 'Italian made' garments for the US market. Footwear is more important in terms of value added, accounting for just over US\$ 4 million exports .The figure raised at US\$ 22.77. This is the fast growing sector for leather products. YLI produces between 2 and 3 percent of the Bangladesh leather market. Most of the livestock base for this production is domestic which is estimated as comprising 1.8 percent of the world's cattle stock and 3.7 percent of the goat stock. Foreign direct investment in this sector along with the production of tanning chemicals appears to be highly rewarding.

Top Five Export Country

Countries	2012-2013			2011-2012		
	Taka	Dollar	% of total	Taka	Dollar	% of total
Hong Kong	3997333	69039	36.10	4076272	71003	34.25
Italy	2236150	38621	20.20	2579196	44926	21.67
Japan	870170	15029	7.86	971570	16923	8.16
Korea Rep.	795295	13736	7.18	653384	11381	5.49
Taiwan	669079	11556	6.04	644347	11224	5.41

Fig: Leather products exported in top 5 countries in 2012-2013.

Percentages of exports in top export countries in 2012-2013.



2.6 Opportunity of Investment:

2.6.1 Sector Highlights:

- The labor-intensive leather industry is well suited to YLI having cheap and abundant labor.
- YLI has a domestic supply of good quality raw material, as hides and skins are a by-product of large livestock industry.
- Adequate government support in the form of tax holidays, duty free imports of raw materials and machinery for export-oriented leather market
- The industry lacks domestic technology and expertise and local support industries such as chemicals are still under-developed.

2.6.2 Investment Incentive:

- YLI is in the process of setting up of separate Leather Zone relocating the existing industry sites to an well-organized place.
- New FDI inflow is highly encouraged and foreign investors are welcome to have the opportunity.

2.6.3. Leather Export Statistics:

Product	Total export			(%) of export			Growth		
	2010-11	2011-12	2012-13	2010-11	2011-12	2012-13	2010-11	2011-12	2012-13
Leather	191.23	211.41	158.62	2.91	2.78	2.60	(7.77)	10.55	7.79

Source: Bangladesh economic statistics 2013

Chapter: 03

Marketing Activities of Yako Leather Industry

3.1 Strategic Objective :

- To sustain and improve Market Share for the key products
- To offer World Class products from reputed sources
- Increase ability to compete in the industry by developing people
- To render superior service (technical & logistics) to customers
- To maintain & improve business relation with our Principals
- New Products Sourcing from reputed manufacturers
- Aggressively grow Ex-stock Trading with calculative risk
- To ensure stable earning through balanced product port-folio

This is a traditional approach to marketing planning which is based on the four Ps:

3.2 Product policy:

Product is, in fact, the range of the products (goods or services) that the organization offers to the marketplace. Decisions have to be made about quantities, timing, product variations, associated services, quality, style and even the packaging and branding. A product may be anything that can be offered to a market for attention, acquisition, use, or consumption that might satisfy a want or need. It includes physical objects, services, persons, places, organizations, and ideas.

Product list-

- **Ladies Leather Purse.**
- **Leather Bag Women.**
- **Leather Belt Women.**
- **Ladies Hand Bag Leather .**
- **Laptop carry bag leather.**
- **Money bag men.**
- **Leather belt men.**

3.3 Price policy:

Price is a vitally important decision area because although it is a promotional tool in many respects, it is the main source of income to the organization. If prices are lowered for promotional purposes, the cash flow within the company, and its long-term profitability, could be seriously affected. As with products, there is normally a range of prices. Because of the stiff competition among the tannery owners to purchase the hides and skins during the Korbani period the prices of raw hides and skins register unduly high rise. This unusual price hike is caused not only by the competition to get hold as much raw materials as possible by the tannery owners but also due to the urge by the tanners to show to the banks a good amount of stock at a price higher enough to justify the total valuation of the inventory. In fact, the market price of hides and skins has more linkage with the disbursement of bank credit than to the commercial considerations. These can vary according to the quantities bought, the importance of the customer, and the market

segment. Pricing can be long-term and short-term. Pricing can involve discounts, special offers, allowances, credit, and 'trade-ins'. It is vitally important to get price decisions right.

3.4 Place policy:

A business when planning its marketing will ask a number of questions relating to place i.e. 'through which outlets should we sell the product? How do we physically move the product to these chosen outlets? How far a field do we wish to operate (locally, nationally, or internationally)? Place, or distribution policy, is a massive, complex decision area.

The Marketing mix gives a plan by which to operate to influence and satisfy the buyer/customers. The four Ps approach is not perfect, and is certainly not intended to cover all the marketing activities, e.g. Marketing research, research, of course, is the provider of information for the decisions in all of the four P areas.

3.5 Promotion Activity and Advertisement:

Advertising is an evolving business function. It was traditionally used to announce the availability of products in customer, brand building, positioning conveying the USP (Unique Selling Proposition) and so on. In recent years, advertising has undergone a number of significant changes in both strategy and execution. Most of the consumer product companies have come to the stage where they cannot do business without advertising. It used to be said that advertising was the smartest form of communicating without telling

the truth. With the cost of media skyrocketing. And the attention span of the customers shrinking with ad clutter, we cannot blame the advertisers for not giving the entire truth. Advertising is a communication tool. In order to be successful. We must develop goals and objectives in keeping with the communication core of advertising once we have clearly defined the communication goals; we must then address the role of advertising within the overall marketing strategy of the firm.

3.5.1 The advertising campaign:

The campaign may be carried out an advertising agency for a large organization. The important starting point is to have clear objectives as to what is to be achieved. The stages in the advertising campaign set out are in a recommended order.

3.5.2 Identify right timing:

Timing of the advertising is crucial. Too before the event, and the customers forget; too late and they have bought something else. Seasonal markets need careful timing. A Media Expenditure Plan should be drawn, detailing at what stages of the campaign the money should be spent, and on which media need to be informed first so that stocks will be in the shops when consumers get to hear about it.

3.5.3 Promotion to the consumer: Advertising media:

Promotional communication methods consist of advertising sponsorship, branding. Packaging, publicity. Relations. Sales promotions and merchandising. They must not offer conflicting messages. Advertising media must be chosen for its ability to reach the right market segments. Perhaps the most significant role that advertising plays is its contribution to the creation of brand preference. If the necessary ingredient for advertising is a brand name, then the key to continued successful advertising is a good product. It goes without saying that no amount of advertising will persuade consumers to repeatedly buy a bad product. The Key to successful advertising is to view a product as a bundle of consumer benefits rather than as a physical commodity. Advertising must communicate messages that address major benefits of a product and communicate realistic benefits of consumers. Examples of primary product consideration in establishing advertising goals are:

- Brand position within a product category. Products priced at the high end of a category will require different advertising strategies just as advertising for new products will differ from their established competitors.
- Product purchase cycle. Obviously. Package goods bought on a biweekly cycle. Such as groceries will use different advertising approaches than durable goods, Such as appliances, which are purchased every 5 or 10 years?
- Product awareness and market position. Product with high market saturation has a much different marketing strategy than others, and it is reflected in both its advertising budget and its creative approach.

- Product seasonality. For seasonality, Product is marketed differently.
- Short term advertising strategy. Is a particular campaign designed to gain initial consumer trial, encourage higher purchase levels from current customers, or based on the following

3.5.4 Identity the right media:

The choice of media is large and rapidly expanding as more TV channels and the new technology of the Internet add to the choice. Selection is therefore critical and must be based in the following:

- Is the cover to be local, regional or national?
- Does the overall cost rule out any medium?
- How many people are reached and at what cost per person?
- Which social group does the medium reach?
- How often can the message be put over- hourly, daily, weekly etc.?
- Can the message be detailed / how long a life will it have?
- What is the image/status/prestige of the medium?
- How important are sound, movement, color, size?
- Will the results be measurable e.g. Replies to one advertisement?

These are the key questions to be asked when selecting suitable media the lists in the boxes in the diagram have been drawn up in categories in order to help answer this question.

3.6 Uncertain production:

Sometimes there is an uncertainty of the trading of the leather good, so how much to produce is a great problem to the industry.

3.7 Environment pollution by leather industries:

Leather industry has a great impact on the environment. The leather production process involves the preparation of hides (washing and shaving, liming and defleshing and dehairing), tanning (chromium and/or vegetable) and finishing. Particularly the preparation of the hides and chromium tanning process are responsible for significant organic and chemic pollutions. It is threatening the aquatic life in river Buriganga and the human environment in general. Furthermore, the inadequate collection of wastewater flows from the industries in Hazaribagh area has created serious pollution problems in the areas itself and the immediate surroundings.

3.8 Unavailability of raw materials:

About 40 percent of total hides and skins of Bangladesh are available during the Idui Azha sacrifice period. Since the Korbani animals are of good quality and hence the hides and skins available during the period attract the attention of the buyer. In such circumstances there exists an unusual and ill competition among the tannery owners to buy the hides and skins of the Korbani animals. Because each tanner wants to ensure supply of raw materials for running the factory for the rest of the period and also to utilize the bank finance so that the flow of funds from the banks

continues, they become extra zealous to procure hides and skins during this period without considering the ultimate consequences.

3.9 Transition of finished level slow:

Although the crust leather manufacturing does not yield any reasonable return, most of the entrepreneurs engaged in tannery business are not seriously considering switching over to finished stage. This is apparently puzzling since the value addition involved in finished stage is much more than the cost involved at this level.

3.10 Rejection:

The new entrants in leather goods manufacturing particularly of export quality products face a serious problem regarding meeting strict specification requirement of the buyers. Experiences suggest that in the initial stage the rejections are even to the range of 70 to 80 percent. Although the extent of rejections is minimized with the experiences gained by manufacturers, problem remains with whatever rejected stocks left with them. Further, the entrepreneurs face acute problem of financial management if they have not already made provision of rejections

3.11 Lack of expertise:

Because of lack of expertise regarding the quality tannery owners feel that a sizable portion of the produces would be either rejects or splits. In fact/ oven with reasonable expertise and experience there may be rejections, drop outs to the tune of 10 percent.

3.12 Supply of water:

Particularly at the wet blue stage the Tannery units require substantially large quantity of water. The steady supply of water by Dhaka WASA becomes difficult in the backdrop of huge shortfall in the capacity of Dhaka WASA to meet the requirement of the mega city.

3.13 Lack of knowledge:

The present stalemate or slow advancement in the leather sector of Bangladesh as compared to its neighbors is largely due to the lack of knowledge, initiative and adaptability in the highly fashion oriented and complex nature of leather business by most of the present tannery owners who do not have sufficient level of literacy.

3.14 Unutilized Capacity:

The potential of Leather Sector Exports is almost unlimited for Bangladesh. The dynamism and vision required to cope with the

complex competitive field dominated by fast changing fashion, design and model are the most needed input for accelerating the-leather sector development. Tanning industry is having a sizable portion of its capacity unutilized in respect of crust leather production facilities causing a rise in cost of production. The reason for more than proportionate expansion as against the available raw materials is unplanned growth of tanning industries. However, the seasonality in supply of hides and skins in Bangladesh possibly brought about the rapid expansion in capacity level of the industry. Due to the peculiar supply curve mainly because of the sacrifice slaughters during Idul-Azha, the hides and skins availability from the sacrifice animals during the three days of Idul-Azha roughly comprise about 40 percent of the total animals slaughtered during the year. So in a way, the apparent over capacity to prepare the hides and skins up to crust leather level is in fact a matter of necessity.

3.15 Duty free leather import:

At present about 85 percent of leather and leather products produced in the country are being exported. Hence, it is treated as 100 percent export oriented sector. It is, therefore, assumed that any import of hides and leather from abroad may not be diverted for any domestic use. Therefore, the apprehension that duty free import of hides and leather might affect Bangladesh economy in any way appears to be unfounded. Import of finished leather of high quality may put the newly established leather and leather product units in an advantageous position to enter into international market. This is particularly important in the context that presently finished leather manufacturers are not that much skilled and experienced to produce high quality finished leather with particular specification.

3.16 Imported Hides Welcome:

Major tannery owners have successfully experiment processing of raw hides imported from different parts of the world. This has opened up vista for capacity utilization particularly during the lean period. With the increase of import of raw hides the artificial price hike of domestic hides and skins may scale down. It is interesting to note that the third largest city and the second port city of Bangladesh i.e. Khulna has no tannery with reasonable operation level. It is assumed that most of the hides and skins available in Khulna area are of inferior quality as compared to the available hides & skins in the other parts of Bangladesh. Therefore, the prospects of tannery operation in Khulna remain bleak.

3.17 Training Institute Not Equipped:

One of the major pre-requisites for the steady development of leather sector is availability of trained technologists and technicians in the leather manufacturing process starting from tanning to manufacturing of different leather products such as footwear, garments, ladies bags and other fashionable items. The only institute namely Bangladesh College of Leather Technology is equipped neither with instructors having required experience and academic background nor with adequate and proper laboratory facilities. It is alleged that due to lack of availability of appropriate equipments they cannot be imparted practical knowledge required for completion of the courses.

3.18 Stuck up loans

For dealing with stuck-up bank loans, the individual bank should critically and technically examine each individual case separately. Considering all the aspects including the management capabilities and determination to carry on business in leather sector by the owners/ each case for rescheduling and/or BMRE should be decided on its merit. There should not be any approach to make decisions regarding banks stuck-up credit in leather sector on blanket basis. While sanctioning project loans for establishing leather sector industries, special emphasis should be laid on determining the working capital requirements as providing of required amount of working capital is vital for successful running of the business.

3.19 National leather policy

The Government should develop a National Leather Policy on priority basis to foster a stable and conducive environment for domestic and foreign investment in this sector. Measures in response to vested interests of different competing groups should be carefully avoided. Inconsistency and uncertainty in policy matters pose a serious threat for smooth development; therefore it should be avoided. A national body with representatives from leather business community/ concerned public bodies; experts/ technologists and bankers should be formed to formulate the National Policy on Leather.

The available data and information suggest that presently there is no scope for establishing fresh units for wet blue processing facilities. However, as is the case in all business section, some new

comers may be allowed to enter into the sector" to infuse new ideas as also the most modern technology. Again some existing units also may be allowed to introduce advanced technology and equipments in order to keep pace with the dynamism. of the leather sector.

3.20 Incentives

Sale of finished leather to indigenous footwear and leather goods producing units should *be* encouraged. To induce tanneries for entering into such deals in addition to the duty draw back allowed to them, cash incentives to tannery units may be immediately introduced in the same line as are practiced in RMG sector.

3.21 SWOT ANALYSIS:

3.21.1 STRENGTH

- Good potential of quality raw materials for maximum added value.
- Integrated production chain from raw materials to tanneries and footwear available.
- Low costs of production labor available (partly offset by low productivity due to lack of skills).
- Established international trading practice
- Existence of a few successful companies as path leaders
- Geographic position for the future markets.
- The footwear industry got stimulus from the progress in finished leather production.

- Customers from countries applying GSPs have been attracted by Bangladesh.
- Bonded warehouse facilities are available.
- No import duty on capital machinery for export-oriented industry.
- Containerized shipment is available from the industry site with proximity of Dhaka city's railway station.

Export of YLI Footwear merchandise to Japan is 100% duty-free

3.21.2 WEAKNESSES

- Information for product line, product mix and export marketing is inadequate.
- Skilled designers and facilities for product design and development are unavailable.
- Backward linkages between leather products (footwear and leather goods) industry and tanneries are still not a prevailing culture.
- No institutional support is available for the industry
- Trained or experienced workers to operate key-machinery (lasting, sewing) are quite insufficient.
- High rate of interest on term loan and working capital, and pattern for loans are distorting prices.
- Footwear accessories (such as tapes, trims, buckles, linings, shoe-last etc.) are not locally available.

- Lack of quality control systems; reliance on foreign certification with penalized lead-time.
- Limited product development and market orientation.
- Over-reliance on visiting buyers.
- Complicated rules and regulations in customs department, which affect lead-time and acquisition of inputs.
- Partnership Marketing program has been a greatly felt needs.

3.21.3 OPPORTUNITIES

- Gradual progress in the finishing process of leather.
- Local production of sandals and slippers is in high demand in Mid-East and Southern Africa.
- Cash incentive (15% on FOB) for leather footwear has been introduced and likely to be at a higher rate.
- No import duties on raw hides or wet-blue hides for export-oriented leather industries.
- Proximity to future markets (South-East Asia)

UNCTAD has been working with advocacy to EU to permit more time for LDCS

3.21.4 THREATS

- Current recession of the worldwide economy.
- Almost no output of sole/insole leather developed in local tanning industry.
- Leather footwear consumption is considerably replaced by casual footwear made of synthetic materials.
- No organized industrial unit for sole production natural rubber based, TPR, NU or EVA.
- EU's stringent condition on SPS, certification etc, (it needs time to be ready for compliance).

Chapter: 04

Findings & Recommendations

4.1 Findings

There are some problems that are involved in Yako Leather Industry in Bangladesh and there have some incentives. During the internship program the following findings are obtained:

1. The price of raw materials, even as compared to the international level, makes the ultimate production cost is very high.
2. Lack of expertise is the main problem of YLI
3. The unavailability of raw materials causes the smooth supply of finished products resulting price hiking.
4. The industry is causing serious environment pollution that risks the life of the local inhabitants and of the factory workers.
5. The industries of this sector are creating employment facilities for the country people.
6. A significant amount of leather products are being exported from YLI every year through this the economy is earning a lot of foreign currency.
7. Development of local leather industries and improvements of them are reducing the dependency on foreign products offering the qualified products to the market in a cost benefit way.
8. The expertise from the leather technology institute is contributing to the sector. However, the industry needs more experts for the improvement of it.
9. To compete in the international market arena the products designs should be improved and also the quality should be improved with new and innovative features.
10. This industry is suffering from lack of capital. Though

the banks and other financial institutions are providing capital to this sector, it is very insignificant according to its need.

4.2 Recommendations

- The Company should formulate appropriate rules and regulations to support Leather and leather-based products and footwear sectors.
- The company should ensure sufficient and continuous power supply.
- They can start joint venture business with other major leather exporting countries like India and Japan.
- By collaboration with EU and other developed leather importing countries they can import advanced technology.
- Company should take initiatives to formulate appropriate leather policies to support the sector which is aligned with the industrial, export, and investment policy and specially strengthen e-diplomacy.

- Industry needed to arrange some soft loans for the industry to fight against the current financial crisis.
- Company must take initiative to enhance R&D and technology transfer to the industry.
- Company should take initiatives to enrich the livestock of the nation to ensure higher availability of raw-inputs.
- The Company needed to arrange some special funding and leather preservation facilities for the industry in occasion of Eid-ul-Azha.
- Company should take initiatives to protect lather smuggling.
- Company should plan and built facilities to increase the value addition through increases production of finished goods.
- The Company has to ensure the HR development in the sector.
- Company has to reduce the environment pollution level of the industry.

Chapter: 05

Conclusion

Yako leather goods sector is uniquely situated to not only contribute significantly to the country's economic growth, but also to enhance its international image as a producer of high quality, world class consumer goods. Bangladesh produces between two and three percent of the world's leather, with an average annual output estimated at 150 million sq. ft. Most of this production is from domestic livestock, which is estimated to comprise 1.8 percent of the world's cattle stock and 3.7 percent of its goat stock. Yako leather has a good reputation internationally and foreign direct investment in both the production of leather goods and of tanning chemicals is significant.

In the last five years the country's leather industry has grown substantially, with the fastest growth experienced in firms producing for export markets. This growth is fueled by the abundance of raw materials available locally and cheaply, by the large pool of inexpensive labor, by workers eager to improve their skills, and by tariff concessions to major importing countries. Bangladesh could become a major off shore location for the production of low cost, high quality leather products. During the last three years JOBS has assisted a number of small and medium-sized industries to raise their production and improve the skills of their workers and the design of their products by bringing in foreign experts and consultants. Products produced by these firms enjoy ever-increasing demand in international markets, particularly in the large Japanese market.

The potential of Leather Sector Exports is almost unlimited for Bangladesh. The dynamism and vision required to cope with the complex competitive field dominated by fast changing fashion, design and model are the most needed input for accelerating the-leather sector development. The instances of India and Pakistan are in our front. Policy measures for liberal imports of necessary inputs and of various incentive measures are to be in place. The cheap and adaptable labor force may definitely twist the balance in Bangladesh's favor provided the overall policy packages go hand in hand at opportune moment. In order to draw a lasting advantage the environment problem has to be addressed. The perspective plan to capture increasingly larger chunk of world's leather and leather goods exports is to be monitored and adjusted from time to time to sustain the growth. An appropriate national leather policy and implementation thereof will pave the way towards success.

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