



ISSN Print: 2394-7500
ISSN Online: 2394-5869
Impact Factor: 5.2
IJAR 2016; 2(7): 112-114
www.allresearchjournal.com
Received: 17-05-2016
Accepted: 18-06-2016

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The study of the antecedent and consequences of integrated global marketing management of Indian leather industry *vis-a-vis* European countries

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Abstract

The leather industry occupies a place of prominence in the Indian economy in view of its massive potential for employment, growth and exports. There has been an increasing emphasis on its planned development, aimed at optimum utilization of available raw materials for maximizing the returns, particularly from exports. The exports of leather and leather products gained momentum during the past two decades. There has been a phenomenal growth in exports from Rs. 640 million in the year 2006-07 to Rs. 239116 million in 2014-15. Indian leather industry today has attained well merited recognition in international markets besides occupying a prominent place among the top seven foreign exchange earners of the country. The leather industry has undergone a dramatic transformation from a mere exporter of raw materials in the sixties to that of value added finished products in the nineties. Policy initiatives taken by the Government of India since 2001, the industry is poised for further growth to achieve greater share in the global trade.

Keywords: antecedent and consequences, global marketing, leather industry

1. Introduction

The leather industry is also one of the major foreign exchange earners of the country recorded significant growth since the beginning of the decade. Today the share of the value added finished products in the total exports from leather sector are 80% as against 20% in 1990s. Ever since Levitt's article on globalization of markets, academics and practitioners have debated whether international markets are becoming homogeneous, and if the international marketing paradigm ought to change from highlighting national differences to exploring international similarities. Proponents of global marketing contend that, because market needs are becoming homogeneous, country differences are less relevant to international marketing planning. Yet other asserts that the existence of global markets is "a myth". They point to the many contradictory trends around and world suggesting stark differences in national markets and hence the need for adaptation and customization of international marketing based on individual country differences.

2. Objectives of the study

The main objective of this research work will be as under

2.1 Competitive Structure: Much of today's interest in international marketing may be explained in terms of changing competitive structures and situations in the world economy and the emergence of many developing countries as potential buyers and sellers of value-added products.

2.2 Surplus Production: Besides such competition, firms are faced with problem of surplus production. In other to avoid loss on such surplus production, firms have no alternative but to enter foreign markets especially those which have growth potential. Many such firms that have crossed their national boundaries have found that profit margins on their international operations are far greater than what they had been getting in the domestic market.

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2.3 Emergence of new foreign market and source of foreign exchange: Another reason for increased interest in this area is the emergence of new foreign markets, particularly during the last two decades. The gulf countries are one such example. With the increase in their incomes due to export of oil countries are today an important market for technology, turnkey, projects as well as a variety of consumer products. Similarly, newly independent countries are today an important market for technology, turnkey projects.

2.4 Economic Development: Consequently, multinationals from Third World countries have emerged during this period to take advantage of such emerging opportunities. These companies have made appreciable progress in their home country, and now planning for export houses.

3. Review of bygone studies

Ever since Levitt's (1983) article on globalization of markets, academics and practitioner have debated whether international markets are becoming homogeneous and if the international marketing paradigm ought to change from highlighting national differences to exploring international similarities (Ghoshal, 1987; Levitt, 1983; Walters, 1986; Wind, 1986). Proponents of global marketing contend are less because market needs are becoming homogeneous, country differences are less relevant to international marketing planning (Samiee and Roth, 1992; Yip, 1989). Yet others assert that the existence of global markets is "a myth". They point to the many contradictory trends around the world suggesting stark differences in national markets and hence the need for adaptation and customization of international marketing based on individual country differences (Quelch and Hoff, 1986; Douglas and Wind, 1987).

4. Research Design

4.1 Nature of the Study: The study is descriptive and diagnostic form of research. Due to non-availability of required data, a period of five years has been covered under this research work. The study is based on analysis of secondary data.

4.2 Period of Study: The scope of the research/study start from the year 2009-2014.

4.3 Collection of data: The data required for the purpose of the study is obtained from secondary sources. Like Council for Leather Exports, Central Leather Research institute (under department of scientific and industrial research, ministry of science and technology), All India Skin Hide Tanners Marchants Association, Indian Finished Leather Manufactured and exporters Association, Central Footwear Training Institute, Indian Leather Industry Foundation. Beside the above, the main production centre for leather and leather product will be contract to seek the production data-such as Kanpur, Ludhiana, Bathinda, Jalandhar and Kolkata. The information will be analysis and suggest the government for plan of enhancing leather export.

5. Research Methodology

The whole data will be used for analysing for import and export of leather industry to the global and especially for the European countries. It will further suggest some major for the improvement of the export potential will be suggested government keeping in view that tariff to the export countries.

6. SWOT Analysis of the Indian Leather Industry

(a) Opportunities

- Rising potential in the domestic market.
- Growing fashion consciousness globally.
- Use of information technology and decision support software to help eliminate the length of the production cycle for different products.
- Use of e-commerce in direct marketing

(b) Strengths

- High Growth.
- Ready availability of highly skilled and cheap manpower.
- Large raw material base
- Policy initiatives taken by the Government.
- Capability to assimilate new technologies and handle large projects.
- Continuous emphasis on product development and design up gradation.

(c) Weaknesses

- Lack of warehousing support from the government.
- International price fluctuation.
- Huge labour force resulting in high labour charges.
- Lack of strong presence in the global fashion market.
- Unawareness of international standards by many players.

(d) Threats

- Major part of the industry is unorganized.
- Limited scope for mobilizing funds through private placements and public issues (many businesses are family owned).
- Difficulty in obtaining bank loans resulting in high cost of private borrowing.
- Stricter international standards.
- High competition from East European countries and other Asian countries.

7. Conclusion

We have identified why Global Marketing has remained a contextual practice devoid of a well-accepted theory. The nine determinants of international marketing (political stability, government policy, ideology-driven economy, and fear of colonialism, marketing transfer issues, lack of infrastructure, North-South dichotomy, East-West dichotomy, and product life cycles) are gradually becoming extinct as markets become increasingly borderless. The forces driving a borderless world are: regional integration, an ideology-free world, technology advances and borderless markets.

This is likely to transform Global Marketing into integrated global marketing with less emphasis on functional adjustments across countries due to difference among nations and more emphasis on cross-functional integration anchored to transnational similarities. We have identified eight processes of this transformation: worldwide markets, mass customization, relationship management, trickle up theory, global accounts, cross-functional consistency, value based costing, and networked organization. All these processes of transformation are likely to elevate the practice of marketing from the specifics of the context to a more generalizable theory of integrated global marketing.

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