



Cooperative Education Report

Title: "Marketing the pride of Nepal: Goldstar Shoes"

Written by

Miss Simran Shrestha
Student ID 5708040089

**This Report Submitted in Partial Fulfillment of the Requirements
for Cooperative Education, Faculty of Business Administration
Academic Semester 2/2017
Siam University**

Title: Marketing the pride of Nepal: Goldstar shoes

Written by: Simran Shrestha

Department: BBA-Marketing

Academic Advisor: Asst. Prof. Rathavoot Ruthankoon

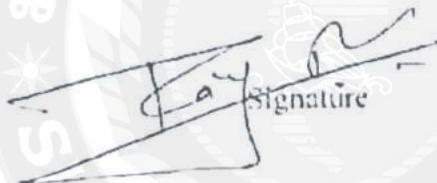
We have approved this cooperative report as a partial fulfillment of the cooperative education program semester 2/2017

Oral Presentation Committees



(Asst. Prof. Rathavoot Ruthankoon)

Academic Advisor



Signature

(Mr. Raju Aryal)

Job Supervisor



(Asst. Prof. Dr. Trithos Khamsuwan)

Cooperative Committee



(Asst. Prof. Maruj Limpawattana, Ph.D.)

Assistant President

and Director of Cooperative Education

Project Title : Marketing the pride of Nepal: Goldstar Shoes
Credits : 5
By : Ms. Simran Shrestha
Advisor : Asst. Prof. Dr. Rathavoot Ruthankoon
Degree : Bachelor of Business Administration
Major : Marketing
Faculty : Business Administration
Semester / Academic year : 2/2017

Abstract

Modern Slipper Industries was launched in the mid-1970s. Since its inception, the group has established itself as the biggest footwear-producing group in Nepal. It falls under the corporate umbrella of "universal Group". In early eighties, they introduced Hawaii Slippers called HATHI, which is now widely available throughout the country. In 1990, the company launched a mid priced, value for money brand called GOLDSTAR to service more price conscious markets. GOLDSTAR is a robust brand made with genuine materials and modern technology. GOLDSTAR is now sold in all over Nepal and gradually it is gaining popularity in Indian market too. Since its revamp in recent year, Goldstar has been able to capture majority of the Nepalese shoes market. Because of the price of the product along with the marketing efforts by the company, people gave Goldstar a warm welcome and the brand is able to associate itself with patriotic feeling.

Modern slipper industries have always prioritized the R&D of new cutting edge products, technology and customer service to expand the business into a new market, which has helped the company form a strong relationships around India and throughout the country with their distributors and their customers.

Therefore, to understand the market, I was assigned to research on the internal and external analysis of the company and assist with the marketing campaign of the products.

Keywords: Marketing/ Patriotic feeling/ Franchise/ Production



Acknowledgement

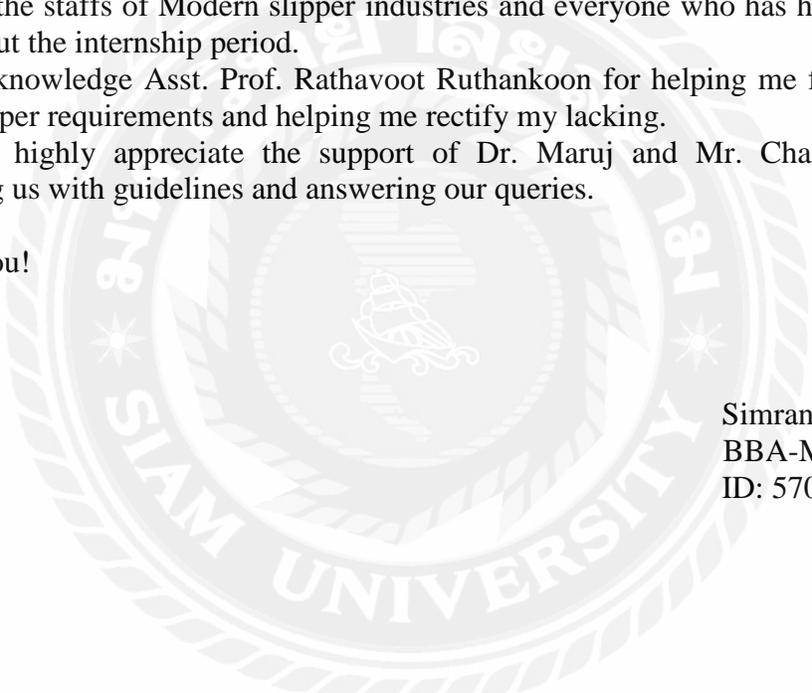
First I would like to thank Siam University and Kathmandu College of management for giving me this opportunity to work and experience corporate life. This helped me to learn about the reality of a corporate world. This course also helped me relate my theoretical knowledge to the practical world.

I would like to thank Modern slipper industries for giving me this opportunity to work as an intern and learn a lot about production and building a brand. My sincere gratitude goes out to Mr. Jitendra Bahety and Mr. Raju Aryal for helping me understand the company culture and always helping me out. I would also like to thank the staffs of Modern slipper industries and everyone who has helped me throughout the internship period.

I also acknowledge Asst. Prof. Rathavoot Ruthankoon for helping me finish the report as per requirements and helping me rectify my lacking.

Lastly, I highly appreciate the support of Dr. Maruj and Mr. Chanatip for providing us with guidelines and answering our queries.

Thank-you!

The logo of Siam University is a circular emblem. It features a central shield with a crown on top, surrounded by a wreath. The shield is set against a background of a sunburst. The words "SIAM UNIVERSITY" are written in a circular path around the central emblem. There are two stars on either side of the central emblem.

Simran Shrestha
BBA-Marketing
ID: 5708040089

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Chapter 1: Introduction

1.1 Company profile

Modern Slipper Industries was launched in the mid-1970s. Since its inception, the group has established itself as the biggest footwear-producing group in Nepal. It falls under the corporate umbrella of “Universal Group”.

Modern slipper industry is registered as multipurpose-private company according to Nepalese company act. According to which it can do processing of plastic and rubber materials to produce footwear products. It imports raw materials from China, Taiwan, Singapore and India.

In early eighties, they introduced Hawaii Slippers called HATHI, which is now widely available throughout the country. This pioneer brand is admired over three decades. Various ranges of EVA sandals and Hawaii slippers are made under the brand. “Hathi Balio Ki Hathi Chap Chappal” - is a very famous slogan among the users, which means that the slippers are stronger than elephants. Hathi slippers and sandals are recognized throughout the country for its style and durability. In 1990, the company launched a mid priced, value for money brand called Goldstar to service more price conscious markets. Goldstar is a robust brand made with genuine materials and modern technology. Goldstar is now sold in all over Nepal and gradually it is gaining popularity in Indian market too. Since its revamp in recent year, Goldstar has been able to capture majority of the Nepalese shoes market. Because of the price of the product along with the marketing efforts by the company, people gave Goldstar a warm welcome and the brand is able to associate itself with patriotic feeling.

Modern slipper industries have always prioritized the R&D of new cutting edge products, technology and customer service to expand the business into a new market, which has helped the company form a strong relationships around India and throughout the country with their distributors and their customers.

1.2 Organizational structure

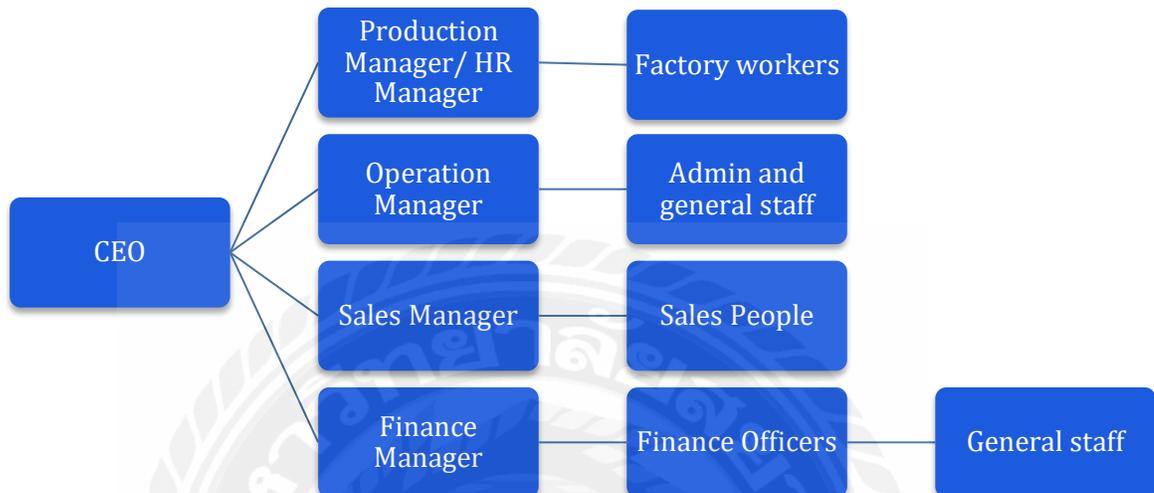


Figure 1: Organizational Structure

The structure is very simple and most of the executive members are not categorized, they just perform their task on basis of assignment.

In spite of traditional structure, Modern Slipper Industries has not gone through serious staffing problems.

The CEO of the company looks after the main organization. Under the CEO works different department heads or department managers. Production manager, HR manager, operations manager and sales manager, all work under the CEO and look after their respective departments.

The production manager generally looks after the factory and production of the shoes. They look after the manufacturing of shoes, designing and developing new items and managing the workers at the factory. Along with that, they also look after the storage and distribution of shoes to various outlets and wholesalers and retailers. HR looks after the employees and works towards betterment of the employees and ensuring all the given tasks are done timely and properly.

Working closely with production team is operations team who looks after the corporate office. They do all the office tasks.

The Finance looks after all the transactions and recording of financial information.

This way, the entire department looks together in harmony to take the company at the top spot.

1.3 Statement of the report

The main idea highlighted in the report is on marketing a local shoe brand to make it one of the biggest and most popular shoe brand of the country.

"Marketing the pride of Nepal: Goldstar shoes"

As the title suggests, the report is based on how I was involved in designing and developing different marketing strategies and researching on the brand for effective and efficient marketing and branding.

1.4 Objectives of the study

The main objective of the internship or cooperative education was to familiarize students like me to the corporate world and have a first-hand experience on how different industries and companies work.

The main objective in terms of personal growth was:

- 1) Developing interpersonal communication skill
- 2) Effectively and efficiently manage time and resources
- 3) Understand how the corporate world works in terms of marketing and sales

The main objectives of the study were as follows:

- 1) To understand the consumer preference and their views on Goldstar
- 2) To develop effective marketing plans and campaign for Goldstar shoes
- 3) Collect information and analyze data of the footwear industry
- 4) Overview promotional and marketing campaign

1.5 Expected outcomes

Apart from personal growth and development of different skills and knowledge through experience, different outcomes are expected:

- Communicate properly and professionally
- Perform tasks on time
- Better ability to make strategic plans and decisions
- Ability to perform and manage multiple tasks

1.6 Limitation of the study

Though the entire cooperative was a great help for me, there were some limitations to the study.

Some limitations were:

- **Time**

One of the major limitations of the study was time. Since the number of days the work needed to be done was short, all the given tasks had to be done quickly. If more time was to be spent, more long term projects and tasks could've been handled which would have eventually helped me.

- **Orientation and Familiarizing**

Another major limitation of the study was the fact that the introductory phase was a long one so it took quite a time to get the thumbs up from the colleagues and build trust to ensure they involve me during bigger tasks.



Chapter 2: Literature reviews

2.1 Main theory and concept applied alongside with the given job description

The literature review part outlines the theories that are previously published. Here, we will be comparing those theories to the actual world and whether they hold true to the actual market or not.

- Theory of Planned Behavior and Desired Attributes:

Female consumers who have higher purchase intentions of shoes have significantly higher appraisal of shoes attributes in style, color, materials and brand name compare to those who have lower purchase intentions of shoes. In addition, consumers who have higher purchase intentions of shoes have better attitude, subjective norm, and behavior control compare to those who have lower purchase intentions of shoes. Overall, youth female consumers age between 18-35 years old have significant higher purchase intentions than the elder consumers. Additionally, the more shoes quantity and higher shoes purchase frequency consumers have, the higher purchase intentions of shoes would perceived.

In Goldstar shoes retail shops and online shops, same customers are found to have higher chances of repurchasing. Also, most of the customers fall under the age of 18-32.

- The Lancaster's theory of consumer choice (1966):

This postulates that consumption decisions are determined by the utility that is derived from the attributes of a good. Because consumers often link attributes to consequences of purchasing or consuming products, marketers differentiate and set its product apart from competitors based on a specific attributes. A research by Forney, Park and Brandon found that image; quality, color/style, and design/beauty of fashion products are important criteria when purchasing extended brands of casual apparel and home furnishings.

Goldstar and Hathi Chapp Chapal use specific color patterns in their products, which include grey, black, white, navy and red. These colors widely separate Goldstar and Hathi Chapp Chapal from its competitors. The design is very simple and clean which is also one of the main reasons customers purchase repeatedly.

Chapter 3: Methodology

3.1 Roles and responsibilities assigned by company

As an intern I had few assignments and tasks to be completed. Therefore, I was assigned with the following roles and responsibilities:

- Find out the evolution of the shoe industry along with the affecting factors. Footwear has been affected by necessity to fashion. It was and is made up of grass, wood, leather, plastic, rubber, etc. Shoe height, heel shape and materials also expose how many styles we consider to be modern have been in and out of fashion across the centuries.

- Research about the number of shoe brands existing in Nepal

It was important to know the competition. Nepali shoe and slipper market included brands like, Adidas, Nike, Reebok, Sky shoes, Skechers, etc. and find out the moves of the competitors.

- Assist the marketing team with marketing task like advertisement

As Goldstar doesn't really have an official online store, it does retail it through its specialty store and other online stores of Nepal. It also does traditional advertisement through newspaper and magazines. Goldstar also sponsors few and specific events and programs happening inside Nepal. Therefore I helped the marketing team by being actively present in brain storming sessions.

- SWOT analysis of Goldstar shoes and Hathi chap slippers

After finding out the competitors of the market, it was important to know the strengths, weakness, opportunities and threats. It would help the company to know about itself and the external environment. This would aid in promotional campaigns and production planning.

Chapter 4: Results and Discussion

4.1 Contributions of student made during the internship

During the three months of my internship, I worked as per the work assigned by my supervisor.

The main work that I was involved during my internship was market research on footwear inside Kathmandu valley. Internal and external analysis was done.

Apart from that, after collecting the data, I also assisted in sorting it and analyzing the data. Also, I was in contact with the ad agencies and overviewed promotional and marketing campaigns regarding the products.

4.2 Details of related learning process and new knowledge student has received

Shoes are not only worn to protect the human feet. They are also worn because they add the final touch to the style you are trying to create. The history of shoes is very long and nobody really knows when the first shoes were created but we do know that they were originally made to warm the feet. Now, there are many different types and each kind helps you function a different way. The shoe is also made up of many parts and every kind of shoe has different parts than other types. Year by year, shoes have been improving and becoming more and more popular. Now, we have all the equipment and all the materials we need to make the shoe better than ever.

In Modern slipper private limited, shoes and slippers are made out of Ethylene-vinyl acetate (EVA), also known as poly (ethylene-vinyl acetate) (PEVA). It is the core material. In regards to that, pigments and foaming agents are one of the major materials in making of the sole of the shoe/slipper. In case of slippers, straps are made out of Polyvinyl chloride (PVC) while the body of a shoe is made out of synthetic materials.

The raw materials are mostly bought from Singapore, China, Taiwan and India.

All the products are then mixed and sent to a kneading machine which is set in a certain temperature and pressure. Melted mixture is now converted into sheets from which the sole are cut into shapes, size and designs. Then the products are sent to the impression-machine where the designs and logo are impressed. Then the final stage is packing.



Figure 1: Process

One of the main problems that companies are facing is energy leakage. While transformers regulate the electrical current that is being transported through the lines, energy is leaked. Therefore, Modern Slipper Company is using Zero technology in order to save energy leakage.

The reason why people support the brand is because it promotes the economy of the country, which leads in increasing the employment rate of the country. Increasing the employment rate of the country is one of the burning issues of the country as of 2011; 1.9 million Nepalese lived abroad, 8.3% of the total population in order to find employment opportunities and academic purposes. (International Labour Organization)

Modern Slipper Company provides jobs to 3000 individuals.

The primary purpose of a business, while maintaining corporate social responsibility, is to maximize profits for its owners and stakeholders. (Lumen)

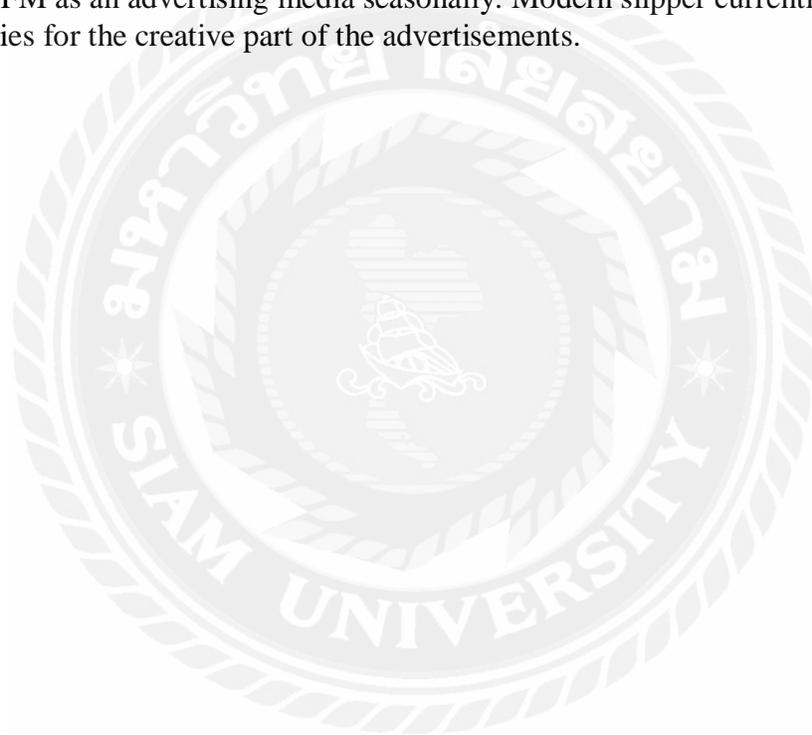
It was very important to understand the competitors of the market. The slipper industry included competitors such as Fila, Nike, Skechers, Milano, etc. while, the competitors of Goldstar shoes included Nike, Adidas, Timberland, Reebok, Sky shoes, etc. Modern slipper plans to maximize profit and produce products that match the international standards. Also, they have to focus on products being carcinogenic free.

While helping the marketing team I have found out that the company uses all the 4P's as their main marketing strategies. They focus on the product by making it in an international level quality. As for the price, the customers of Nepal prefer good quality and cheaper price. The company uses economy-pricing strategy as their price ranges from Rs. 450- Rs. 1785. If certain shoes are not sold, the retailers and franchisees can lessen the price accordingly.

Modern slipper uses franchise model. They have several franchises in Nepal. In addition to it, their marketing channels consist of wholesalers/distributors and retailers. Distributors take care of certain areas while giving Goldstar shoes and Hathi Chapp slippers the best coverage in the country. In case of online channels, the company has chosen one specific wholesaler to take care of the online market. They sell it mostly to Daaraz.com.np, SastoDeal.com, Nepalikart.com, Reddoko.com, and Meroshopping.com.

Currently, they do not own their own their personal online website.

The advertisement types that they use are mostly out of home advertising. They include mural advertising, DB boards, shutter paintings, etc. they also occasionally use print media advertisement in newspaper and magazines. Also, they use FM as an advertising media seasonally. Modern slipper currently deploys ad agencies for the creative part of the advertisements.



STP and SWOT analysis of Hathi chapp:

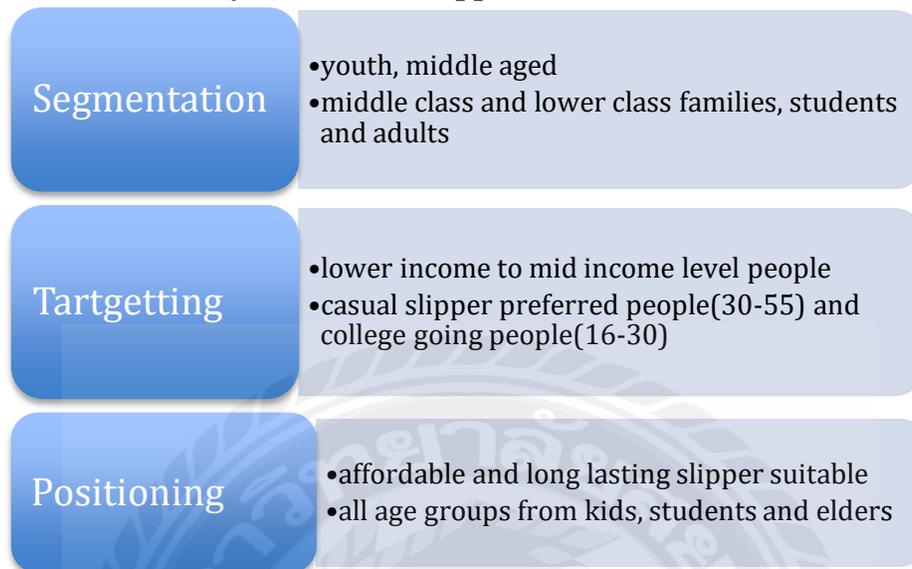


Figure 2: STP of Hathi Chapp

<p>Strength:</p> <ul style="list-style-type: none"> - Affordable - Strong and long lasting - Suitable for all age groups - Variety of designs available - Associated with patriotic feeling 	<p>Weakness:</p> <ul style="list-style-type: none"> - Price quality image - Low price prohibits the upper class people to ignore the brand - Limited to slippers only - PVC causes a pungent smell during summers
<p>Opportunity:</p> <ul style="list-style-type: none"> - High income and upper class people available for targeting - Sufficient technology for creating high end products - Brand recently revived so it is able to cater to all parts of Nepal - International market of India can be catered as well since they have already entered that market 	<p>Threat:</p> <ul style="list-style-type: none"> - Many local and international slipper brands in the market at similar price range - Competition can position themselves differently showing quality, that can affect their sales to med level consumers - Materials imported from foreign places, import costs and trade relations heavily affect the brand.

Figure 3: SWOT Analysis of Hathi Chapp

STP and SWOT analysis of Goldstar Shoes:

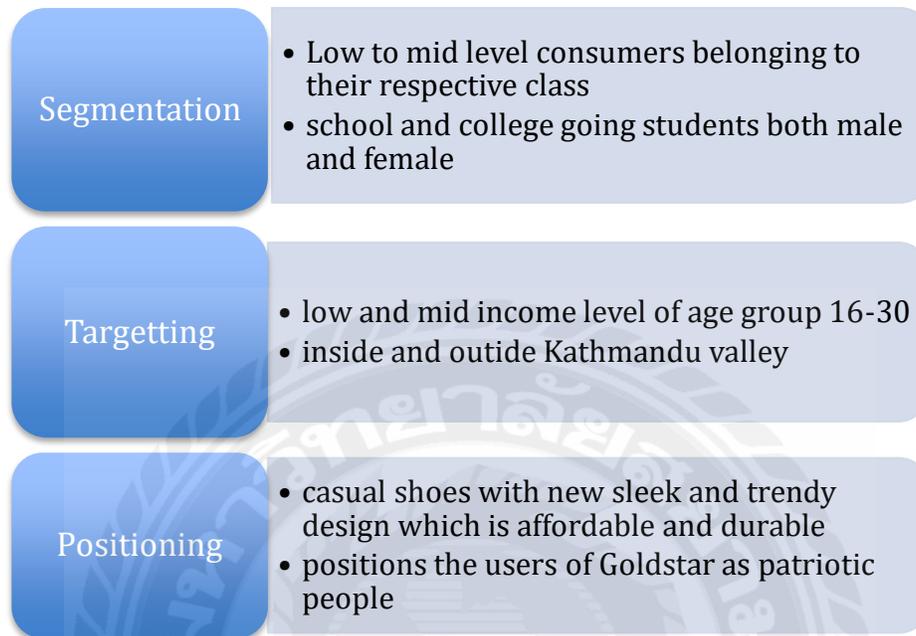


Figure 4: STP of Goldstar shoes

<p>Strengths:</p> <ul style="list-style-type: none"> - Variety of designs which includes all types such as sports, casual and formal - Caters to different types of people - Affordable and durable 	<p>Weakness:</p> <ul style="list-style-type: none"> - Price quality image - Low price prohibits the upper class people to ignore the brand
<p>Opportunity:</p> <ul style="list-style-type: none"> - Capable of producing more designs - Opportunity to cater other classes of people of different age groups - Can cater to more female customers as well with women oriented designs 	<p>Threats:</p> <ul style="list-style-type: none"> - Counterfeit branded shoes available at similar price range, affecting Goldstar sales - New international brands with similar price range entering the market rapidly

Figure 5: SWOT Analysis of Goldstar shoes

Goldstar is considered as a pride of Nepal. Therefore, end users are extremely proud to wear Goldstar shoes. Celebrities and social media influencers can be seen endorsing the brand for free. Also, the products are promoting patriotic feeling, as it is one of the first shoe/slipper making company of the country.



Chapter 5: Conclusions

5.1 Self-assessment as future professional

Economic, cultural and societal change creates a need for different approaches to education. Globalization is increasing international interdependence, and the creation of new knowledge, and the obsolescence of older knowledge, means that teachers and students alike must be open to changes and opportunities. (British Council)

Therefore, working in an organization always aids the learning process, as there is always so much to learn from others. Working in Modern slipper Industry has really helped me to understand how an organization work and the culture.

It has aided me to develop myself as a person and to be able to talk to everyone, whether be it employees or the retailers. I have learnt to work as a team and respect other's values and ideas. I have also alongside learnt to put my ideas and views forward. I was also able to build personal relations with people related to the industry. The coop education has also assisted me in time management.

As a whole, I have turned into a better corporate player and a team worker.

5.2 Comparison of practical learning VS theory

Practical learning is always helpful as it helps students to understand better. Therefore, cooperative education has definitely helped to build a strong base of how an organization works.

It is always important to learn practically as you get to learn the first hand experience and real time knowledge.

There are many times when theory based knowledge will not work for the company. Therefore, companies' use out of book tricks and tactics to deal will certain problems.

On the other hand, Theoretical knowledge — teaches the why. It helps you understand why one technique works where another fails. It shows you the whole forest, builds the context, and helps you set strategy. Where self-education is concerned theory prepares you to set a direction for your future education. Theory teaches you through the experience of others.

Theoretical knowledge can often lead to a deeper understand a concept through seeing it in context of a greater whole and understanding the why and how behind it. (Quora)

The type of advertisement that the company uses is also very related to what we have learnt in the theory for example, Goldstar mostly uses OOH advertisement that includes DB boards, murals and shutter paintings. The company also uses print media and online selling as a major advertisement types.

Also, they use franchising model and also sell the products through wholesaler and distributors.



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Bibliography



Name-Surname: Simran Shrestha

Student ID: 5708040089

Email: simrans2018@kcm.edu.np

Department: BBA

Faculty: Marketing

Address: Sano Bharyang-02, Kathmandu, Nepal