

Study on the Impact of Marketing Mix on Export Performance – vis-à-vis the Leather Footwear Exporting SMEs of India

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Abstract

Theory often suggests that having a suitable marketing mix and market orientation can enhance the export performance of any firm. Keeping this in mind, this paper wishes to examine the relationship between the market mix strategies (with respect to place, product, price and promotion) and export performance. This exploration has been done in the exporting leather footwear SME segment with 174 firms as sample size from four different clusters within India. The findings suggest that though the exporting firms are at a comfortable zone as far as their export destinations (strategy with respect to place) is concerned; they by and large are at a huge gap with respect to the product, pricing and promotional strategies and thus are losing out considerably as far as their export performance is concerned.

Keywords: Export Performance, Leather Footwear SME Firms, Marketing Mix, Objective and Subjective performance

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1. Introduction

Exports of a country play an important role in the economy. For most of the countries throughout the world, growth of exports has also brought about growth in the GDP and foreign exchange earnings of the economies. The growth in global trade and sales activity in the world has increasingly emphasized the importance of exporting for firms and countries. There has been a large of number of studies exploring the export-led-growth hypothesis, which clearly points out that export expansion are one of the prime determinants of economic growth. Thus, understanding the determinants behind export performance in today's business environment becomes absolutely important. One of the things which clearly rule any export performance or success is the presence of competitive advantage in the international market.

The marketing mix is an integral part of any business as it helps to develop effective marketing strategies and aids the business to flourish as well as sustain in the market. With effective marketing strategies the company conveys to its customers what they have to offer and why is it different and better than the others. Also, known as the 4 P's of marketing, the marketing mix comprises of the approach of the company towards its product, price, place and promotional activities. There lies no exception

in case of an exporting firm. Stressing a product's comparative advantage through an ineffective marketing mix is truly essential while doing business internationally.

All over the world, the small and medium enterprises (SMEs) have been accepted as the engine of economic growth promoting even-handed development with its contribution in exports. In recent years the small scale sector has consistently registered higher growth rate compared to the overall industrial sector. With its agility and vitality, the sector has shown splendid innovativeness and adaptability to survive the recent economic downturn and recession. Even in India the Small and Medium enterprises constitutes a significant and vital segment in the export market and the economy as a whole. The Government of India has accorded the SSIs to be a high priority sector because of its contribution to growth and exports of India. The capability of the Indian SMEs to compete in international markets is reflected in its share of about 30% approximately in the national exports of India. Direct exports from the SSI Sector account for nearly 35% of total exports.

However, it is known that most of the SMEs of the developing nations, including India, are not involved in active marketing planning and its implementation. SMEs, despite their contribution to the economy and its export, still fall a way behind in terms

of managerial skills and hence their adoption of any marketing planning or strategy. The absence of any planned marketing mix in the SMEs might be due to a number of factors like lack of skilled human resource, financial resource and the like. But the most important question which arises is that whether this absence of a planned marketing strategy actually deterring the export performance of the SME firms.

Hence it is important to find out the impact of marketing mix strategies on the export performance of a SME firm.

In India, among the SME exports, 67% is contributed by the manufacturing sector (4th Census of MSME Sector). Again, in the leather industry, which falls in the manufacturing segment it is found that the SME sector contributes about 60-65% of the exports. This paper has taken up the leather footwear export segment as around 80% of the sector comprises of SME firms.

The Global import of Leather and Leather Products is growing at a cumulative annual growth rate of 5% (Council for Leather Exports) and this trend is expected to follow in the near future. Also, among the different products imported within the leather sector, world demand for leather footwear comprises of 70.64%. To bring into line to the trend of the global imports, the percentage share of leather footwear among the different leather products for export is also the highest in India. The footwear sector is a very important segment of the leather industry in India and is considered the engine of growth for the entire Indian leather industry.

While the scenario for India's Leather footwear industry has enhanced in view of deteriorating production of leather footwear in the Western European countries, the industry in India has to go in for significant capacity enhancement in order to fully utilize this opportunity. India's export share to world import for leather footwear is hovering around 2-3% for the last decade. The Council for Leather Exports, in the year 2007, had projected an estimated growth for the leather footwear export to 4526.05 million US \$ for the year 2010. But India failed to achieve that milestone, which could have boosted India's share to the world import to 9.35%.

The study here intends to explore the relationship between export performance of the leather footwear SME firms and their marketing mix strategies given by place, price, product and promotion. Hence the objective of this paper is:

- To identify the extent of use of the marketing mix strategies in the leather footwear exporting SMEs.
- To examine the relationship between the marketing mix strategies and the export performance of the leather footwear SME firms.

By doing so, the paper would be able to recognize specific marketing strategies which help in enhancing the export

performance of the leather footwear SME firms and in turn help the exporting units to develop a planned marketing mix strategy.

2. Literature Review

As we know, economic reforms and liberalization was introduced in 1991 as a major programme in India, with emphasis on the external sector. The policy focus was primarily on liberalization of capital goods and inputs for industry, to encourage domestic and export oriented growth. Though the growth rate started gradually picking up with GDP reaching to 7.23 % in 1999 as compared to 2.13% in 1991, the rate in the decline of poverty and unemployment was not enough to sustain such growth rates and the GDP rate fell sharply to 5.6% in the year ending 2000. The Trade policy review as given by the WTO in 2000-2001, states that in order to achieve further significant reductions in poverty and unemployment, India should target higher real GDP growth of between 7% and 9% (compared with 5.4% expected for 2001/02). To meet this goal it will be important, as stressed by the authorities, to continue, and even accelerate, the reform process and increase competition in the economy and enhance exports.

ELG hypothesis, for the time period 1971-2005, fails to find support in India and shows that in spite of reforms, it still retains some characteristics of an import substituting economy²¹. On the contrary, Krishan & Kurt¹⁵ in their study finds that there exists a linear long-run equilibrium relationship among the variables, and any departures from this relationship are due to temporary disequilibrium forces. Their paper also come across that export instability has a negative effect on the economic growth in the short run and induces short run macro-economic instability. On similar lines, Ranjan Kumar Dash⁵ in his article states that there exists a long-term relationship between output and exports, and it is unidirectional, running from exports to output growth. Hence, in the case of India, the author feels further liberalization of trade policies are recommended in promoting and sustaining economic growth. Some papers even suggest that there exists a bi-directional causality between exports and economic growth and uni-directional causality among trade openness and GDP of India¹⁴.

Economists argue that the disparity in the findings of the ELG theory in India is due to the fact that the years under study have undergone different trade policies - some import substitution, some export promotion and the rest facing a mixture of both. Never the less, whatever may be the conclusion, export growth effects output growth through a number of positive externalities, through the foundation of more efficient management styles, improved production techniques, increased scale economies, improved allocative efficiency and better ability to generate comparative advantage.

Labour intensive sectors, being the competitive/comparative advantage of the Indian economy, the Government of India has accorded the SMEs to be a high priority sector because of its labour intensiveness, high employment generating capability and hence contributing to growth and exports of India. In most of the countries these sectors are mostly labour intensive and the labour intensive units are better performers than their capital-intensive counterparts. However due to liberalization adopted by most of the nations, the SME sector is facing stiff competition throughout. According to competitiveness refers to the extent to which a nation's goods can compete in the market place, which largely depends on the relative prices and quality of domestic vis-a-vis foreign goods and services. Therefore, all firms must anticipate, respond and adapt to the competitive environment of the global world and the SME sector being the backbone of any nation, is no exception.

As a consequence, looking at the significant role SMEs play in the economic upliftment of a nation through its export contributions, the central issue of concern is how to strengthen its competitiveness so that it can thrive steadily on its own internal potential and overcome the bottlenecks arising due to globalization.

A number of studies have been done throughout the world to examine and understand the determinants of competitiveness and other key success factors that ensure the survival of SMEs in this highly demanding international trade arena. The empirical study on Finnish SMEs, including both traditional exporters and international companies, by Jorma Larimo¹⁶ comes out with the facts that export performance is positively impacted by firm size, product/service quality, international orientation, and market diversification. However, along with market spreading and diversification, product adaptation also seemed very important for rapid growth and extension. Brouters et al.⁴ worked with samples taken from small firms of Greece and Caribbean countries and showed that greater a firm's concentration of export sales in a single foreign market, the greater is its export performance. Also, even if small firms have limited resources and greater risks, firms should emphasize on international sales while restricting exports to few foreign markets.

But, as per the above paper, if small firms should only concentrate in fewer foreign markets, does that mean there should not be any active need for marketing or promotional activities for exporting SMEs?

Joan Freinanet¹¹ evaluates the collective effects of export promotion programmes in export performance, considering a variety of impact dimensions and also includes a broad representation of companies according to their level of export involvement. She finds that for starting/passive exporters, use of direct promotion programs, information, and assistance in starting exporting and

financial aid programs is positively related with the export performance measurements.

An important, but often neglected, strategic area of exporting is pricing in foreign markets. Under conditions of foreign market ambiguity, where the quality of information received is deficient, exporters tend to manipulate various price dimensions, such as volume discounts, credit terms and special prices for new products, because operating in unfamiliar and complex foreign business environments initiates a sense-making process that pushes a firm to change its current behavior²⁰.

Consequently some parameters coming out from the literature which are required for the exporting SMEs to sustain their competitiveness are market reach, promotional programs, product adaptation and the like. Hence it comes out that presence of a suitable market mix strategy is an absolute necessity for exporting SME firms.

However, it is not very commonly found to be prevailing and being implemented among the SME units of developing nations. Tongesai Mpofua and Shylet Chigwendeb²⁴, who had worked with Zimbabwean exporting SME units, comes out with the fact that SMEs lack of skilled human resources contributes to poor formulation and implementation of marketing plans. Being a developing nation, is the gap of effective marketing mix plans in the exporting SME firms prevalent in India too?

High export concentration is mostly determined by the dynamic growth of specialized exports, which tends to expand much faster than other exports. India being a labour abundant country, its competitive advantage lies in labour intensive export products. SME is that sector which is labour intensive and can generate huge employment in India. As a consequence, it is the highest contributor to Indian exports and holds a strategic position.

The leather industry occupies a place of prominence in the Indian economy in view of its massive potential for employment, growth and exports. SMEs play a vital role in the export of leather and leather footwear as around 60-65% of the exports are contributed by this segment and also SMEs comprises of 80% of the leather footwear units.

Terry McMallin¹⁸ tries to formulate some guidelines on appropriate marketing techniques for the SMEs who wants to enter into the trade of leather footwear. The study informs that data on the latest fashion trend can be obtained from the councils working on the same, on a subscription basis. Visiting international fairs like MIDECA, MICAM, GDS etc. also helps a lot. The export market of leather footwear is a high price aware buyer market. Hence, pricing should be done keeping trade tariffs in mind. Buyers should have almost instant access to the suppliers. Promotion can be done through company brochure, news releases, participating in fairs with the best of samples.

The paper by ICRA Management Consulting Services Limited¹², finds that India is only capable of responding to small and medium size orders of leather shoes which sell on price rather than quality but China gets huge price driven orders from US discount retail chains. The paper suggests that the government of India should follow export promotion activities through marketing support as government in other countries have undertaken aggressive marketing in other sectors to build brands out of commodities, which the Indian Govt. fails to do.

3. Research Gap

There has been a lot of research conducted worldwide on the leather and leather footwear sector and its performance at large. Likewise, in India a number of white papers and research papers have dealt with the concerned sector. However, the most significant gaps which lies with the existing literature is the state of the exporting SME leather footwear firms with parameters as in marketing mix, clustering activities, competitive priorities and the like. Moreover, linking these important parameters and finding out whether there exists a relation to the performance of the SME exporters has not been dealt with.

This particular study attempts to contribute by examining the performance of the exporting SME footwear units and its relation to the marketing mix strategies adopted by them.

The research addresses the following questions:

- At what extent have the leather footwear exporting SME firms adopted marketing mix strategies?
- Does adoption of marketing strategies have positive effects on the export performance of the leather footwear SME firms?

4. Research Design

As competition in the world markets has intensified, there also arises an increased need for understanding the concept of export performance and the factors associated with it. Export performance is defined as the extent to which a firm’s objectives, both strategic and financial, with respect to exporting a product to a market are achieved via the execution of the firm’s export marketing strategy. Today, there is a general consensus that the traditional financial measures, though still valid and relevant, but needs to be balanced with more contemporary, intangible and externally oriented measures.

This research work has taken up the economic/financial measure and the market image measure of an exporting firm which together jointly comprises the performance construct of the study.

The economic performance is generally measured through two traditional factors being: sales turnover and profit after tax.

Customer satisfaction is a term frequently used and it measures how a product supplied by a company, meets or surpasses customer’s expectation. Customer satisfaction is taken up as a measure of market image and has been defined through repeat purchases done by customers.

The other major variable which the paper intends to study is the marketing mix strategy adopted by the exporting firms. This had been measured by the 4 P’s, viz. place, product price and promotion.

4.1 Place

For an exporting firm, place can be the importing country and hence becomes very crucial to examine whether the exporting leather footwear firms are carrying out their business in the right place (i.e. importing markets) as per demand and competition. As a final point, the study also wishes to explore whether the choice of the right importing markets affects the export performance of the firms.

4.2 Product Segment

For an exporting leather footwear firm, the three broad categories of product segment are for ladies, men and children. A number of literatures, reveals that the ladies segment has the highest demand worldwide in terms of volume as well as value and is then followed by children and men. This research work intends to find out whether actually the product segment influences the performance of the exporting firm.

4.3 Price Competitiveness

This factor of price competitiveness can be very crucial for a price-sensitive product as it may increase or decrease your sales volume and hence the firm’s profit. For an exporting firm, this

Table 1. Items for Economic Performance

Construct	Measure	Adapted From
Economic Performance	Sales Turnover / Revenue Profit after Tax	Rajesh K. Singh, Suresh K. Garg and S.G. Deshmukh ²³

Table 2. Items for Performance through Market Image

Construct	Measure	Adapted From
Market Image	Customer Satisfaction	Rajesh K. Singh, Suresh K. Garg and S.G. Deshmukh ²³

price competition can be from national as well as international levels. This study wishes to explore the fact whether price competitiveness has any significant role in the performance of the leather footwear exporting firms.

4.4 Promotional Activities

However, though the Indian SME exporting firms have geared up with promotional ideas and activities, it is still a long way to go as still now majority of the firms work mainly on word of mouth. Hence, this research desires to find out the various ways the exporting leather footwear SME firms have started promoting their product and brand and how is this affecting their performance.

SMEs are often very reluctant to publicly reveal their actual financial performance, and scholars have deliberated on the need for subjective measures in evaluating business performance. Even if objective data is made available, the data often do not fully represent firms' actual performance, as managers may manipulate the data to avoid personal or corporate taxes (Dess & Robinson, 1984; Sapienza et al., 1988). A number of literatures have even propounded using both the objective and subjective measures in assessing the performance of the SMEs.

Hence the hypotheses which come up are:

H0.1: The leather footwear exporting SME firms have not adopted any marketing mix strategy with respect to place, product, price and promotion.

H0.2a: Spreading out to emerging markets has no significant impact on the objective performance of the firms.

H0.2b: Spreading out to emerging markets has no significant impact on the subjective performance of the firms.

H0.3a: The product category (ladies segment) has no significant role in the objective performance of a firm.

H0.3b: The product category (ladies segment) has no significant role in the subjective performance of a firm.

H0.4a: Price competitiveness has no significant impact on the objective performance of the exporting firms.

H0.4b: Price competitiveness has no significant impact on the subjective performance of the exporting firms.

H0.5a: Promotional activities have no significant impact on the objective performance of the exporting firms.

H0.5b: Promotional activities have no significant impact on the objective performance of the exporting firms.

In order to collect information about the relationships that exist and to describe the world as it exists, a descriptive study has

Table 3. Items for Marketing Mix

Construct	Measure	Adapted From
Marketing Mix	Place (Export Destinations)	Jorma Larimo ¹⁶
		Brothers et al. ⁴ Edward E. Marandu ¹⁹
		Deloitte ⁷ (in consultation with NMCC)
Product Segment (only Ladies segment considered)	Price Competitiveness	ICRA Management Consulting Services Limited (for CLE) ¹²
		Edward E. Marandu ¹⁹
		APICCAPS ³ (Portuguese Footwear, Components, Leather Goods Manufacturers' Association)
Promotional activities	Price Competitiveness	Claude Obadia ²⁰
		June Francis and Colleen Collins-Dodd ¹³
		Yadav, D. S., Aggarwal Rajeev ²⁶
		Magnus Hultman, Constantine S. Katsikeas and Matthew Robson (2011)

been undertaken. Also, the concerned research is mostly quantitative in nature, as a set of large representative sample has been asked to provide their opinions on certain parameters in a structured way.

To collect data, the survey method was used - with responses being collected with the help of a structured questionnaire. The structured questionnaire had the questions in a prearranged order and measured the responses with different kinds of questions put together.

In this research, the content validity of the measurement instrument was assessed by asking experts to examine it and provide feedback for revision. The expert panel included professors, leaders / industry practitioners from the SME sectors and senior leaders from CLE.

Reliability on the other hand, tells us how reproducible your measures are on a retest. This means whether the instrument measuring the variables yields the same or compatible results even when it is used at a different time or place. This has been tested through using the same measures at two different times on the same sampling units.

5. Sampling Method and Size

The population for the study is the exporting leather footwear SME firms operating across pan India. Now, in India the states where these exporting leather footwear SME firms are present are: Tamil Nadu, Karnataka, Maharashtra, Uttar Pradesh, Haryana, Punjab and West Bengal; which are clubbed into the southern zone, western zone, northern zone and the eastern zone.

Data from CLE also reveals that the major share or contribution comes from the states of Uttar Pradesh for north and Tamil Nadu for south.

Again, each of these exporting states has districts and then a number of clusters within it. After studying the clusters, it was found that Agra and Kanpur are the two clusters having the highest contribution (both volume and value) in Uttar Pradesh and on the other hand Ambur and Ranipet are the clusters contributing the most in Tamil Nadu.

This has been done keeping in mind that these four clusters are the highest contributors in the export of leather footwear across India.

Hence, the sampling method which has been adopted by this study is the Quota method followed by a Simple Random Sampling.

There are 314 exporting leather footwear SME firms which are registered with CLE from these four clusters; out of which Agra has 135, Kanpur 113, Ambur 42 and Ranipet 24 exporting firms.

Now, to calculate the optimal sample size we have taken into consideration the confidence level, the margin of error, the response distribution and the population size.

Lastly, keeping in mind the total sample size ($n=174$), the population size ($N=314$) and the distribution of firms in each cluster, the number of firms to be taken as sample from each of the four clusters is:

Ambur: 21

Ranipet: 12

Agra: 75

Kanpur: 66

Primary data was collected from 174 firms in total across the four clusters using a structured questionnaire. The sample items were either the M.D or any higher official of the leather footwear exporting SMEs

6. Findings and Interpretations

In order to test the first hypothesis a descriptive statistical analysis was carried out. The hypothesis was:

H0.1: The leather footwear exporting SME firms have not adopted any marketing mix strategy with respect to place, product, price and promotion.

The Table 4 show the analysis:

Place (Export Destinations): The Table 4 shows the different statistical values of the market reach of the exporting firms with respect to ongoing traditional markets and emerging markets:

It is found that the marketing strategy with respect to place or to reaching out to new emerging markets are still not in place and are around only 27% for the SME exporting firms.

Price: The Figure 1 shows the distribution of firms regarding their perception on their pricing structure:

The Figure 1 shows that around 37% of the exporting firms feel that their pricing strategy is better than the competitors. However, 16% feels that they are not as good as their competitors in pricing and 19% of the exporting firms do not have any idea about the pricing structure as compared to competitors.

Product segment: The Table 5 shows the different statistical measures coming out regarding the distribution of production between the ladies segment, men's segment and children's segment among the exporting firms:

A number of literature states that, world-wide the ladies segment in footwear is ahead not only in terms of volume but also value. The Table 5 shows us that in India the exporting SME firms are still comfortable producing in the men's segment hugely.

Promotional Activities: The Table 6 shows the different forms of promotional activities present and absent across the exporting firms:

From the Table 6 it clearly comes out that apart from having a company web-site, the SME exporting firms are not very actively engaged in other forms of promotional activities.

So looking at the present state of the exporting SME leather footwear firms, it can be stated that they are still way behind in adopting a suitable marketing mix that will help them to enhance their performance.

H0.2a: Spreading out to emerging markets has no significant impact on the objective performance of the firms.

H0.2b: Spreading out to emerging markets has no significant impact on the subjective performance of the firms.

Here place (export destination) has been measured through the percentage of export to the emerging markets by the leather footwear firms and is one of the independent variables. Performance on the other hand is the dependent variable.

Table 4. Distribution of export between emerging and traditional market

Stats Tools	TRAD_MKT (%)	EMG_MKT (%)
N	172	172
Mean	72.58	27.42
Std. Deviation	27.435	27.435

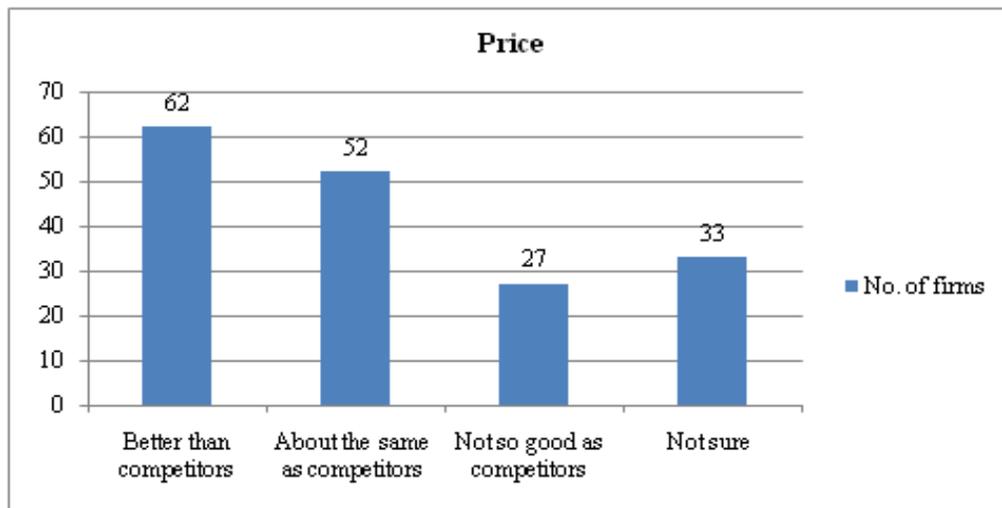


Figure 1. Perception of price competitiveness among sample firms.

Table 5. Distribution of export between ladies, men and children's segment

Stats Tools	LADIES_SEG (%)	MEN_SEG (%)	CHLD_SEG (%)
N	174	174	174
Mean	26.59	62.07	11.34
Std. Deviation	30.567	37.656	21.363

Table 6. Presence / Absence of different promotional activities

Promotional activities	Active participation in Trade fairs	Company Brochure	News releases	Company website	Training for Business Development
Present	68	36	52	132	66
Absent	106	138	122	42	108
Mode	Absent	Absent	Absent	Present	Absent

Correlation has been carried out with the % of exports to the emerging markets and each one of the performance measures. The Table 6 shows the analysis:

Hence the association which comes up as significant (significance value $<.05$) and conclusive, i.e. having significant relationship with both objective and subjective measures of performance is: (rest is considered as inconclusive)

- Spreading out to emerging markets and sales revenue (negative relation)

H0.3a: The product category (ladies segment) has no significant role in the objective performance of a firm.

H0.3b: The product category (ladies segment) has no significant role in the subjective performance of a firm.

Here product category has been measured through the percentage of production between the ladies segment, men's segment

Table 6a. Correlation between objective performance and emerging market

CORR	SAL_REV_OBJ	PAT_OBJ	REP_CUST_OBJ
EMG_MKT	$r = -.164^*$ sig = .032 N=173	$r = -.135$ sig = .081 N= 168	$r = -.030$ sig = .694 N=174

Note: * $p < .05$, ** $p < .01$, *** $p < 0.001$

Table 6b. Correlation between subjective performance and emerging market

CORR	SAL_REV_SUB	PAT_SUB	REP_CUST_SUB
EMG_MKT	$r = -.148^*$ sig = .042 N=174	$r = -.136$ sig = .075 N= 174	$r = .004$ sig = .960 N=174

Note: * $p < .05$, ** $p < .01$, *** $p < 0.001$

and the children's segment by the leather footwear firms and is one of the independent variables. Performance on the other hand is the dependent variable.

Correlation has been carried out with the % of production in the ladies segment and each one of the performance measures. The Table 7 shows the analysis:

Hence the association which comes up as significant (significance value <.05) and conclusive, i.e. having significant relationship with both objective and subjective measures of performance is: (rest is considered as inconclusive)

- Product segment (ladies segment) with sales revenue and repeat customer

H0.4a: Price competitiveness has no significant impact on the objective performance of the exporting firms.

H0.4b: Price competitiveness has no significant impact on the subjective performance of the exporting firms.

Here price competitiveness of the firms is one of the independent variables and performance being the dependent variable, a one-way ANOVA has been carried out with price competitiveness of the firms and each one of the performance measures one by one. The Table 8 show the analysis:

Hence the association which comes up as significant (significance value <.05) and conclusive, i.e. having significant relationship with both objective and subjective measures of performance is: (rest is considered as inconclusive)

- Price competitiveness and profit after tax

H0.5a: Promotional activities have no significant impact on the objective performance of the exporting firms.

H0.5b: Promotional activities have no significant impact on the objective performance of the exporting firms.

Table 7a. Correlation between objective performance and product segment

CORR	SAL_REV_OBJ	PAT_OBJ	REP_CUST_OBJ
PROD_SEG (Ladies)	r = .154* sig = .044 N=173	r = .040 sig = .602 N=168	r = .324* sig = .000 N=174

Note: *p<.05, **p<.01, ***p<0.001

Table 7b. Correlation between subjective performance and product segment

CORR	SAL_REV_SUB	PAT_SUB	REP_CUST_SUB
PROD_SEG (Ladies)	r = .233* sig = .041 N=174	r = .118 sig = .122 N=174	r = .259* sig = .040 N=174

Note: *p<.05, **p<.01, ***p<0.001

Table 8a. ANOVA between objective performance and price competitiveness

ANOVA	SAL_REV_OBJ	PAT_OBJ	REP_CUST_OBJ
Price Competitiveness (Sig value)	.076 F= 2.33	.039 F= 2.84	.309 F= 1.30

Note: *p<.05, **p<.01, ***p<0.001

Table 8b. ANOVA between subjective performance and price competitiveness

ANOVA	SAL_REV_SUB	PAT_SUB	REP_CUST_SUB
Price Competitiveness (Sig value)	.001 F= 6.19	.000 F= 11.56	.445 F= .895

Note: *p<.05, **p<.01, ***p<0.001

Here the promotional activities are the independent variables and performance being the dependent variable, an independent samples T test (Comparison of mean) has been carried out with all the measures of promotional activities absent or present in an exporting firm with each one of the performance measures one by one. The Table 9 show the analysis:

Hence the association which comes up as significant (significance value <.05) and conclusive, i.e. having significant relationship with both objective and subjective measures of performance is: (rest is considered as inconclusive)

- Participation in trade fairs as a promotional activity with sales revenue and profit after tax
- News release as a promotional activity with sales revenue, profit after tax and repeat customer
- Presence of company website as a promotional activity with sales revenue
- Presence of company brochure as a promotional activity with repeat customers
- Training for BD as a promotional activity with repeat customers

7. Conclusion

The objective of this paper was twofold: one was to explore the relationship of marketing mix strategies with the performance of the leather footwear exporting SME firms and the other was to identify the kind of marketing strategies present in the said firms.

It has been found that the exporting SME firms still rely heavily on the ongoing traditional markets and the percentage exports done with emerging new markets is less. However, it has also

Table 9a. Relation between objective performance and promotional activities

Differences between Mean	SAL_REV_OBJ		PAT_OBJ		REP_CUST_OBJ	
Active participation in fair	t = -2.63	sig = .009	t = -3.06	sig = .003	t = -5.09	sig = .000
News releases	t = -2.91	sig = .004	t = -3.00	sig = .003	t = -5.07	sig = .000
Company Website	t = -2.68	sig = .008	t = -1.45	sig = .147	t = -.316	sig = .752
Company Brochure	t = -1.35	sig = .178	t = -1.59	sig = .113	t = -3.59	sig = .000
Training for BD	t = -1.64	sig = .101	t = -2.45	sig = .015	t = -5.46	sig = .000

Note: *p<.05, **p<.01, ***p<.001

Table 9b. Marketing Mix Relation between subjective performance and promotional activities

Differences between Mean	SAL_REV_SUB		PAT_SUB		REP_CUST_SUB	
Active participation in fair	t = 3.03	sig = .003	t = 3.75	sig = .000	t = -1.16	sig = .254
News releases	t = 2.16	sig = .032	t = 2.79	sig = .006	t = -2.07	sig = .039
Company Website	t = -4.30	sig = .000	t = -3.66	sig = .000	t = -1.75	sig = .081
Company Brochure	t = 1.65	sig = .100	t = 2.13	sig = .034	t = -2.67	sig = .000
Training for BD	t = 2.28	sig = .024	t = 3.20	sig = .002	t = -1.98	sig = .049

Note: *p<.05, **p<.01, ***p<.001

been observed that sales revenue as a performance measure has a significant negative relationship with the percentage exported to the emerging markets. This shows that greater a firm's concentration of export sales in fewer foreign markets, greater is its export performance. Hence in case of these leather footwear exporting SME firms, market concentration is better than market diversification.

The fact which came out regarding the pricing strategy is that, 35% of the firms are not at a comfortable position with respect to their price competitiveness as either they are not as good as their foreign competitors or they are not aware about the international scenario at all. The situation is a bit alarming as price competitiveness has a significant relationship with the profit after tax of the exporting firms.

As far as the product segment is concerned, the Indian SME exporting firms have a huge difference between catering to the men's segment and the ladies segment. The exporters are still comfortable in producing and exporting in the men's category, whereas it is known that demand in the ladies segment across the world is larger. Nevertheless, a significant relationship has come out between exporting in the ladies segment with the sales revenue and repeat purchase percentage of the exporting firms.

Lastly, it is being observed that on an average the exporting SME firms do have a company website as a promotional tool but other activities such as active participation in trade fairs, news releases, having a company brochure and providing training

for business development is largely absent. On the contrary we find that all of the above promotional activities which are largely missing among the exporting firms has significant relationship with either sales revenue or PAT or repeat customers.

The above findings as a whole demonstrate the lack of planned marketing strategies implemented by the leather footwear exporting firms and the organizations mostly run on trial and error strategies. This needs immediate intervention. The study thereby suggests that the Ministry of SMEs, along with the support institutes like CLE, CFTI, DIC and universities should hold regular workshops for these SMEs so that they become aware and well educated on marketing planning and implementation. These measures are expected to improve the managerial skills in SMEs and thereby result in improved performance through the adoption of well-planned marketing mix strategies.

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