

HANDLOOM MARKET (Need For Market Assessment, Problems & Marketing Strategy)

Rayapati Raveendra Nadh¹, Dr.P.Venkata Rao², Dr.B.M.HarshaVardhan³,

¹Research Scholar, Dept. of MBA,

KLU Business School, K.L. University, Guntur, A.P., India,

² Professor, Dept. of Commerce,

V.S.University, P.G Centre, Kavali,A.P.,India,

³Professor, Dept. of MBA,

KLU Business School, K.L.University, Guntur, A.P., India,

Abstract: Handloom is a traditional product. Marketing and distribution system for handloom is also a conventional type. West Bengal, Tamilnadu, Uttar Pradesh, Andhra Pradesh, Assam and Manipur are the major handloom states in India. Three-fourth of handloom weaving in the country comes under these six states. Almost all handloom products in India is for domestic market. Only 1.3 percent of working looms produce for export markets. Marketing is a major constraint for the handloom sector. The middlemen play a major role in selling the cloth to the consumer. If the family is very poor, any delay in marketing of the cloth, creates harm to the weavers. The power loom dominates textile production in India and have encroached upon the handloom sector traditional market because of lack of proper marketing. Still the appropriate marketing strategy has not been evolved as a whole by the handloom sector. In this paper, need for market assessment, problems, marketing strategy & marketing mix and suggestions for the development of handloom sector and it's market are discussed.

Keywords : Handloom, Middlemen, Market, Power Loom, Strategy, Textile, Weavers,

I. INTRODUCTION

- The Indian handloom products have a distinct place in the world of fabrics. This is not just a cloth material or traditional wear, it is symbolic to the Indian civilization, which is one of the oldest on the planet. we had long tradition of excellence in making high quality of handloom products with extraordinary skills and craftsmanship when there were no such skills available any where in the world.
- The handloom sector is not only our past glory but also it plays a vital role even in the contest of present Indian economy. This sector accounts for 18.4 percent of the total cloth product produced in the country(excluding clothes made of wool, silk and spun yarn)and 15 percent of the total exports of the fabrics. Over 125 countries are now buying handloom products from India.
- Government implemented many schemes to support the handloom sector. The government of India had spent Rs 478 crore from plan budget and Rs 251 crore from non-plan budget during the 9th plan. An outlay of Rs 625 crore was fixed for the 10th plan period. But these numbers have not helped weavers in their sustainability and even could not stop them from committing suicides. The central government reserved 22 items to be produced only by the handlooms. But it later reduced to 11 items. These 11 items also are not protected or barred from being produced by power looms. The government is not able to protect handloom sector because of there is no proper inspection on power loom products.
- The market for handloom products in the country is included the self-consumption sector(where handlooms are made for household requirements and not for sale, as in the north east of India),rural market(where weavers do the marketing themselves),the distant domestic market(largely urban and which is beyond the reach of weavers) and export markets. Master weavers and private traders are both together marketed 90 percent of handloom products in the country. The traders either retail these products through their own outlets or act as intermediaries supplying wholesalers or retailers. The bulk of exports are handled through merchant exporters and manufacturer exporters-the former getting their supplies from manufacturers and master weavers while the later having their own production facilities.

II. NEED FOR MARKET ASSESSMENT

- Whole textile industry also can be classified into two different segments, organized(mill)and unorganized(handlooms and power looms). Specific analysis of handlooms and textile market is important because there are different players in the market like handloom, power looms and mills. if we look into the handloom sector there are different channels and number of players at various levels. Due to the complexity of its nature there is a need of market assessment, which would enable us to know the position of other competitors that would help us in preparing a competitive marketing strategy.
- Reliable information about the handloom sector is not available. Since the sector is highly unorganized and weavers are scattered all over India and also not under any organized institution or structure, which makes difficult to take right decision about any policy or programme. Because of regional specification of weaving and condition of

weavers, it is very important to generate region specific information and marketing strategy for different handloom clusters and different handloom products along with national focus.

- In textile industry, roles of different government agencies are not well defined. Within handloom also there are various agencies, which deal with different issues without any coordination with others. This increases the repetition of job as well as creates confusion about roles and responsibilities. NHPC, HEPC, HHEC, NIFT and Ministry of textiles and commissioner of handloom etc., are some of the organizations/agencies working at the national level and various co-operative societies are also working in the same region with same focus. Due to lack of coordination and communication among agencies and institutions the efficiency of these are deteriorating. To have the proper coordination and to know where the gaps are we need to assess the handloom sector.
- The chain in handloom sector, from raw material supply to the end user is very long. In this value chain, margin for each player differ very widely. It is essential to compare and assess the value addition at each level and stakeholders involved are benefiting for their work. The efforts put- in and value added by the weavers is always underestimated and underplayed. Even weavers may not be aware of their value in this chain. This explicates the need to develop a marketing strategy, which can address this issue and ensure that the weavers would get the proportionate money to the efforts put-in in executing their work.
- There are large numbers of factors that affect the market. These factors could be internal i.e. within the handloom sector as well as external from whole textile industry. Some of the internal factors could be change in technology of loom, change in distribution system and trading practices, focus on different products or it could be need of addition of new products in handloom portfolio. Impact of world trade organization (WTO) and opening of markets etc., are some external factors for handloom sector which in general force to analyze the current situation and to respond to market is needed.
- Handloom sector is a peculiar sector with the complex trading practices. The trading practices vary from place to place and the structure of the business also differs from one weaving center to another. What ever may be the business model and the practice of the trade, it helps the traders or master weavers but not the weavers who put their efforts in production. When the weavers produces value added and specialized products then they will have higher benefits.
- Different businesses have different kind of sales channels and different types of strategies and every business will have its own marketing promotion activities . But the successful ones always become models for others. The right product at the right time to the right place will have its own success story. Due to lack of market intelligence system the handloom sector is struggling for survival in the contemporary business arena. It is facing toughest competition from organized sector. Always organized system gives an understanding and clear picture of business. If the trade practices are proper, it makes the business easy and reduces the complexity. The long distribution channels and number of middlemen as traders, commission agents etc., made the whole system of handloom sector more complex.

III. PROBLEMS IN MARKETING OF HANDLOOM PRODUCTS

The problems in the field of marketing of handloom products, which are mostly existing because of current system's drawbacks. There are few challenges for handloom because of changing market environment like globalization, industrialization and mechanization. Timely intervention from government is required for a bright future in the handloom sector.

- Lack of availability of market information: There is no reliable information available regarding the marketing of handloom products. This creates hurdles at the market end resulting in unsatisfied customers. The weavers are unaware of the market demand and new designs & colours because of the lack of customer feedback. This hampers their creativity and innovation.
- Lack of awareness about the product features: Handloom cloth is very soft and good for skin. It is non-allergic synthetic fibres. The use of vegetable dye makes it health friendly. One of the greatest characteristic is its flexibility to adapt according to the customer's choice. It is more preferable because of its fine quality and added embroidery. The customer should be totally aware of these qualities of handloom and should be able to differentiate from the rest. Hence, an awareness has to be generated in the customers mind regarding the advantages of the product.
- Insufficient Promotion and Advertisement of Handloom: Handloom sector is far lagging behind in promotion and advertising of its product as compared to the textile sector. Generally, the promotion is only through exhibitions and fairs with limited outlets. Hence the customer purchases only when available and switches to the other competing product when it is unavailable. Therefore this sector needs a continuous promotion and regular advertising campaign to have a durable and effective impact of the handloom products on the customer.
- Lack of Quality Standardization: The handloom is famous for the production of the finest quality of cloth. It uses the unique selling proposition in many cases like carpets, furnishings and fine designs. But the quality and standardization of the product is not regularly mentioned. Hence a procedure is needed for checking the quality standards of the products like durability, shrinking etc., So that the customer is assured about this. Also the government should take initiative and conduct research on the related issues.

- **Improper Management of Handloom Logistics:** Handloom logistics should be done in a scientific way. There should be precise calculation of stock keeping and cost incurred in maintaining a huge stock. There should not be any blockaded of money and subsequently the interest burden. Generally inefficiency occurs in case of finished products supply. Due to lack of improper marketing, the huge stock is blocked with marketers. Some of the co-operatives end up in loss because of mismanagement. This can be minimized by introducing bar-coding , logistic tracking and fast information flow. This results in reducing greatly the cost of the end product.
- **Role of the NHDC in the supply of raw material:** The fundamental responsibility of the National Handloom Development Corporation is to ensure adequate supply of raw materials to the handloom sector. It is generally done through co-operatives at subsidized rates. These co-operatives cover only 30 percent of the total weavers and the rest are out of this fold. Subsidies and other beneficial schemes from state and central governments are also implemented through co-operatives. As a result majority of the weavers are not benefited. Government has made a provision through hank yarn obligation order. It states that 50 percent of cotton yarn produced in India should be in the form of hank yarn and should be supplied to the handloom sector. However this was never totally implemented. Hence there is a need for strict implementation of rules and regulations in this regard.
- **Tough Competition:** Handloom sector is facing a tough competition from various players in the market. The competition is intensive in both inter sector (from mill, power looms etc.) and intra sector (from foreign countries like china ,Bangladesh etc.). This increasing competition is the biggest challenge for the handloom sector.

IV. MARKETING STRATEGY AND MARKETING MIX FOR HANDLOOMS

To improve the current situation of handloom sector and to make the sector more competitive in current scenario, where market situation are changing very fast it is very necessary to design appropriate marketing strategies. Marketing is all about creating customer value and profitable customer relationships. To get a success in today's competitive market place, handloom sector need to be a customer centered. It must capture customers from competitors, then keep and grow them by delivering greater value. The handloom sector first understand the customer needs and wants before satisfying them. Thus, sound marketing requires a careful customer analysis. Marketing strategy for handlooms involves two key decisions: which customers it will serve(segmentation and targeting) And how it will create a value for them(differentiation and positioning). It defines the total market, then divides it into smaller segments, select the most promising segments and focuses on serving and satisfying the customers in these segments. Then, the handloom sector should design a marketing program – the four Ps – that delivers the intended value to targeted consumers.

Hence, handloom sector should focus on the customer – driven marketing strategy includes market segmentation(dividing a market into distinct groups of buyers who have different needs, characteristics or behaviors and who might require separate products or marketing programs) , market targeting (the process of evaluating each market segment's attractiveness and selecting one or more segments to enter) , market positioning (arranging for a product to occupy a clear , distinctive and desirable place relative to competing products in the minds of target consumers) and differentiation (actually differentiating the market offering to create superior customer value) and developing an integrated marketing mix includes product (size and weight of the product , quality of the product, design of the product , brand name , features of the product and packaging etc.), price (basic price , discounts and credit etc.), promotion (advertising , personal selling ,sales promotion and public relation etc.) and Distribution/place (channels ,coverage , logistics, locations, inventory and transportation etc.) to market the handloom products effectively.

To find the best marketing strategy and mix, the handloom sector engages in marketing analysis, marketing planning, marketing implementation and marketing control.

V. SUGGESTIONS FOR THE DEVELOPMENT OF HANDLOOM SECTOR AND ITS MARKET

- Product quality doesn't alone serve the customer's purpose. The business should understand who is his customer, where the customer wants the product or service, in what form, at what price. To sustain in the competitive business environment every industry is trying to understand these aspects and practice it in reality.
- The major activities such as manufacturing, supplying and marketing should be properly organized through the implementation of suitable strategies.
- The sector has great market opportunities if it is ready to take them. Products made by using organic cotton yarn and natural dyes in high demand in the developed nations and upper segment that are health conscious. For these kinds of products research and development, training and knowledge sharing are crucial things. These R&D, training, information centers and mini spinning mills to be come up at weaving center level so that the weaver can have easy access to primary business needs.
- Pricing strategy must be formulated on the basis of the market demand, the segment that is targeted, cost of the production, value added to the product and brand image of the product.
- To bring a turnaround in sector, establishment of brand image in the customer's mind, generating loyalty through long-term customer relationship and high quality services are required.
- To bring superior quality in handloom products the pre and post loom process development should take place. Innovative and faster weaving processes and techniques to increase efficiency of weavers as well as loom will make handloom more competitive and profitable.

- The processes must be standardized and quality control system should be introduced. To define the quality standards proper guidelines should be laid down.
- Identifying high growth areas, new product categories and potential marketing avenues on continuous basis will direct the handloom sector towards profitable business model. New product categories can be organic cloth, high growth areas can be kids wear, and new market avenues can be forward integration setting up the tailoring units and ready made garment making units in the handloom cluster to produce readymade handloom garments. Finding opportunities to export customized products according to the external market needs.
- To keep logistic cost and cost of raw material low, decentralized spinning mills can be established in the handloom cluster level.
- To maximize the productivity and quality, the weavers should be given incentives for their skills and efforts. Incentives motivates any worker to give his best.
- Traders should change their attitude towards weavers and market. They should not become obstacles between market and weaver. They should maintain fair relations with weavers in promoting handloom products and they should help in establishing proper market information channel, which is of free flow in nature.
- Reviving and restructuring the weavers servicing centers (WSCs) to act as R&D centers which can be provided solutions in loom modifications for product innovation as well as process innovation to the weavers.
- Government should encourage new investments and entrepreneurs in handloom sector by providing better sops like any other new economy industry. The sops can be loans with low interests, cluster development, training and information. Priority can be given to the members of the weaver's families.
- Training and development to enhance the skills of weavers in manufacturing and marketing aspects in changing business environment.
- Innovative products, which can be supplied to niche markets within the country and abroad.
- Loom should be flexible for all designs and weaver friendly (user friendly).
- There should be a long-term plan from the government side to develop the clusters according to the domestic and international market needs and requirements.
- Just the product only cannot be marketable. The sector should adopt all marketing mix ingredients in it (product, price, promotion and place.)
- The hand weaving, which is called home textile, should be the part of the academics from the elementary levels itself in all handloom clusters.
- Training for entrepreneurship development in all the clusters and practical knowledge must be imparted to the weavers.
- Provide the training to the weavers according to the market needs.
- There are very limited sources available for exporting of handlooms in terms of infrastructure, information and training. For example Amaravati textiles wanted to set up the exporting house in Hyderabad, but lack of government support, infrastructure and skills available in the region were not able to meet international market requirements where as Tamilnadu has these characteristics to meet international client needs.
- The government should extend all benefits to handloom products, which are enjoyed by handicrafts like tax benefits and other subsidies.
- The government, NGOs and other voluntary and private agencies should take initiative to do quality check, standardization of the processes and quality and have a mark which shows the place of the production, patent and branding.

All the above aspects discussed can be implemented completely with proper government policy interventions and political will. Effective implementation of various policies and programs could be successful when there would be proper integration, co-operation and co-ordination from all government agencies, co-operative societies, NGOs, weavers, traders and retailers of handloom products then handlooms would not lose its glory.

VI. Conclusion

Merchandising and marketing have been recognized as being central to the growth and development of handloom sector in India. Domestic marketing is important for providing a link between the producer and consumer. The marketing and export promotion scheme is needed to promote the marketing of handlooms in the country and to improve the levels of awareness among handloom weavers and the general public in the interest of overall development of the handloom sector and to give assistance to handloom agencies for building up ,developing and marketing of export – worthy handloom products and helps in international marketing by way of participation in international exhibitions and buyer – seller meets.

Reduce the prices , increase availability , improve the quality / colour durability , innovative design, More varieties , latest fashion and trends , more organized , more advertising , increase awareness , special market survey for handloom products , customization, suitable to weather conditions and reduce intermediaries etc. are needed to improve the satisfaction level of handloom customer. Promotion / advertisement , availability / increase number of outlet ,exhibitions ,develop new designs , awareness , price to be reduced , proper marketing , more customization of products, link it with

brand India , improve the quality , customer friendly services , improve durability , provide machines to weavers , remove middleman from chain and fashion orientation etc. are needed to make handloom more popular.

Government should help in opening more outlet , exhibition and trade fair , loans to setup a shop Subsidized the products, relaxation on duties and taxes ,improve the marketing strategy , encourage the mechanization ,special outlets ,implementation of the rules strictly ,outlets at village level / Taluk , better technology for weavers at cheaper rates , discount , competitive customer service , compulsory selling of handloom products at all textile outlets , compulsory for school uniform , helps in generating in more designs and Government should see overseas opportunities to make the handloom sector survive.

References

- [1]. GOVERNMENT OF INDIA (2010) MILESTONES : 2009-2010.TEXTILES : RESURGENCE . MINISTRY OF TEXTILES , NEW DELHI.
- [2]. ARASARATNAM,S(1990): "WEAVERS MERCHANTS AND COMPANY : THE HANDLOOM INDUSTRY IN SOUTH EASTERN INDIA ,1750-1790" IN S.SUBRAMANYAM(ED.) MERCHANTS, MARKETS AND THE STATE IN EARLY MODERN INDIA,OXFORD UNIVERSITY PRESS , DELHI.
- [3]. BRENNING,J.J.(1990): "TEXTILE PRODUCERS AND PRODUCTION IN LATE 17TH CENTURY COROMANDEL", IN S.SUBRAMANYAM(ED.) MERCHANTS, MARKETS AND THE STATE IN EARLY MODERN INDIA,OXFORD UNIVERSITY PRESS , DELHI.
- [4]. MUKUND.K AND B.SYAMASUNDARI(2001): TRADITIONAL INDUSTRY IN THE NEW MARKET ECONOMY – THE COTTON HANDLOOMS OF ANDHRA PRADESH , SAGE PUBLICATIONS, NEW DELHI.
- [5]. NAGESWARARAO,M : A STUDY ON PRODUCTION , QUALITY CONTROL AND MARKETING OF EXPORT VARIETIES IN ANDHRA PRADESH AND TAMIL NADU.
- [6]. SUBRATHA GHATAK : RURAL MONEY MARKET IN INDIA, THE MACMILLAN COMPANY, BOMBAY 1976.
- [7]. YANAGISAWA(1996) : " THE HANDLOOM INDUSTRY AND ITS MARKET STRUCTURE : THE CASE OF MADRAS PRESIDENCY IN THE FIRST HALF OF THE 20TH CENTURY ", IN T.ROY(ED.) CLOTH AND COMMERCE , SAGE PUBLICATIONS , NEW DELHI.
- [8]. VENKATESWARA RAO , AKURATHI . MARKETING STRATEGY FOR HANDLOOM INDUSTRY , 1989.
- [9]. MEHTA P.N: REPORT ON THE HANDLOOM INDUSTRY , GOVERNMENT OF INDIA , NEW DELHI.
- [10]. RUDDARDATT AND K.P.M SUNDARAM : INDIAN ECONOMY , 1996 , S. CHAND & COMPANY LTD.
- [11]. 'HANDLOOM EXPORT' , FEBRUARY 1997 , " ALL INDIA HANDLOOM BOARD MEET " , PP. 25-26.
- [12]. SURVIVING CLUSTERS OF HANDLOOMS , HANDLOOM EXPORT SEPTEMBER- 2003, P.2.
- [13]. HISTORICAL EVIDENCE , INDIA CRAFTS , LAST INTERNET UPDATED : 24 NOVEMBER , 2006.
- [14]. ASHA KRISHNA KUMAR , THE HANDLOOM SECTOR , A GREAT TRADITION IN DECLINING , INDIA'S NATIONAL MAGAZINE FROM THE PUBLISHERS OF THE HINDU, VOLUME 20 – ISSUE 18 , AUGUST 30 – SEPTEMBER 12 , 2003.
- [15]. GOVERNMENT OF INDIA , MINISTRY OF TEXTILES , ANNUAL REPORT 2005 – 06 , CHAPTER V , HANDLOOMS, P – 59.
- [16]. TENTH FIVE YEAR PLAN , GOVERNMENT OF INDIA , PP.709 – 714.
- [17]. WWW.IEPORT.COM/EPC.HTM
- [18]. WWW.HEPCINDIA.COM

AUTHORS PROFILE:



1]. Rayapati.Raveendra Nadh is working as an Associate Professor in the department of MBA at Rao & Naidu Engineering College, Ongole . He completed his MBA(Mktg&Finance) from TCSM, affiliated to University of Madras, M.Sc(Psychology) from Nagarjuna University,M.Phil(Mktg) from S.V University and pursuing Ph.D(Marketing) from KLU Business School,K.L.University.He has 5 years of experience in teaching and 4 years in industry (worked as sales officer in TGV group, as sales manager in ING VYSYA and as agency manager in ICICI).He got an award from ICICI as top manager for recruitment. He also got regional ranking and sales manager forced ranking based on business performance from ING VYSYA and also a member in Andhra Pradesh Counseling Psychologists Association.



2]. Dr. P. Venkata Rao is working as Professor in the Department of commerce , V.S. University , P.G Centre ,Kavali. He completed his M.Com.,M.Phil.,and Ph.D. from S.V.University and also completed B.Ed., P.G.D.C.M.P., and MBA courses from reputed educational institutions. He has 28 years of teaching experience in S.V.University P.G.Centre, Kavali. He has the 30 years of Research Experience. He published 12 Research Papers , attended 20 Conferences and published two books. He is the honorary member to the Research Board of Advisors, The American Biographical Institute, North Carolina, U.S.A. Under his guidance 10 M.Phils and 1 Ph.D were produced.



3]. **Dr. B.M. Harshavardhan** is a doctorate in CSR, under faculty of Commerce and Management Studies, Andhra University and is now, Professor in K L University. He has 18 years of experience of teaching at PG level, and 10 years of industrial experience as Marketing Executive and Manager Administration in Andhra Pradesh. He has published eight journal papers (of which, 5 are international ones) and two articles in edited books bearing ISBN. Presented a paper at a UGC-sponsored seminar. Member of AMA, the USA, AIMA, New Delhi, and IACSIT, Singapore. Currently he is extending guidance to five research scholars under Management area.