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FOREWORD

This book is a practical guide for handloom weavers to make them understand that developing skills to adapt to the changing market needs is the key to sustain and enhance their livelihoods. In a way, it engages weavers to reflect on the processes beyond production aspects encouraging them to be dynamic based on market intelligence and deriving new meaning to the word “Producer”.

This book has been designed as an output of the study “Pan Andhra Pradesh Market Study of Cotton Handloom Products”, sponsored by Sir Dorabji Tata Trust (SDTT) Mumbai and conducted by Chitrika (Artisan Development Foundation), Hyderabad. The study was conducted across the country. Primarily focusing on AP Handloom Products, it attempted to understand the views of consumers, traders and various institutions working across the value chain of handlooms.

The focus was to understand consumer preferences and behaviour, features of marketing mix (product, price, place and promotion) and capture future trends. Primary data from the survey of 428 rural consumers, 245 urban consumers, 412 rural non consumers, 281 urban non consumers, 138 traders, 64 non handloom traders and 10 cooperatives was compiled to develop the analysis. The study was conducted across 10 weaving clusters and 10 rural places in Andhra Pradesh and 5 urban cities of the country. The cities covered are Bangalore, Hyderabad, Kolkata, Delhi and Mumbai.

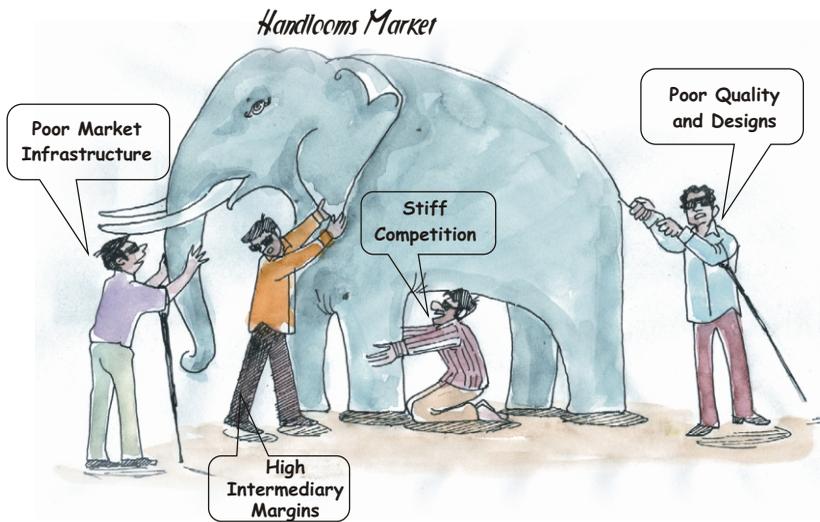
The primary objective of this book is to sensitize the weavers on various facets of handloom marketing. It tries to unveil the following aspects:

- Consumer behaviour and their choices including product features
- Marketing mix (product, place, price and promotion)
- Popular handloom products and their places of origin

- Details of marketing schemes of the government that you can avail
- Emerging opportunities

The book is written using simple language. Marketing mix aspects are presented in a question format. Questions formulated are answered systematically using secondary and primary survey data. The idea is to educate weavers using a mix of theoretical frameworks and practical field data. Data from field are only indicative of trends and it may not reflect exact picture of market. At the broader level the book intends to help weavers reflect on key questions of changing market scenario. In a way it is an attempt to provide wider interpretation of markets unlike blind men trying to figure out how an elephant looks like.

At the end of the book, a directory of channel sellers is provided for the benefit of weavers.



NGO led initiatives, CSR initiatives and some independent ideas have tried to offer alternative models for dealing with the market. But their efficacy in challenging the trader controlled value-chain has been limited. Fair trade channels for marketing are opening small avenues to the weavers. Fair trade is a social

movement to promote exports from developing countries to developed countries. Institutions like Oxfam, Amnesty International and others are some of the leading proponents of Fair Trade. The channel has however become controversial as the leftists criticize it for its inadequacy to challenge the current trading system. Exports remain a preserve of few who have the knowledge of the export and certification procedures. Most of these interventions claim that they will transfer a fair amount of consumer rupee to the producer; however the key lies in creating structures which enables the weavers to interact directly with markets. These movements are not in any way replicating what AMUL has done for dairy producers. Amul established direct connection between the producer and markets without external intermediation. Restoring the pride of weavers and helping them innovate in designs and products through market intelligence systems which are under control of weavers is the key in way forward. Therefore the key question is -

“Who has control over the market - the weaver, the intermediary or the promoting organization?”

Chapter 1:

The Big Picture

Do you know why markets are studied?

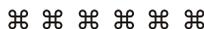
To decipher the puzzles of marketing!

Market research is carried out to understand the market structure and needs for a given product and resolve many of the questions surrounding sales of products and services.

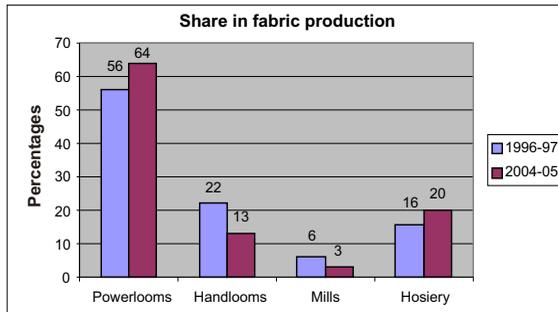
Market research helps -

1. Intended beneficiaries, in this case, you, the weaver to identify the trends and changing contours of the market. Market information is the most treasured secret guarded by the channel intermediaries who take products from you to the end consumers.
2. In understanding how your product travels the journey to reach the end user. You can identify the stake holders involved and the way value is added to the basic fabric before reaching consumer.
3. In tracing where and how products are sold to the end user and the requirements at the retail level
4. In deciphering consumer needs so that you can design products that suit them to improve marketability
5. In assessing the level of awareness about handloom products among consumers.
6. In planning production according to the demand in the market. On the other side it will also help formulate strategies to manage seasonality so that you keep reaching the consumers through out the year.

Now let us explore the vital “should-know it” elements of successful handloom marketing



Do you know how much handloom cloth contributes to the textile industry?



The famous slogan “Roti Kapada Aur Makaan” by former Prime Minister Smt. Indira Gandhi, symbolizes the importance given to clothes. Clothes are identified as basic necessity for human beings. Textile industry is one of the first to develop during the industrial revolution in 19th century. It is also one of the largest employment generating sectors next only to agriculture. In terms of value, the industry produces products worth Rs 268,000 Crores of which 66% is used in domestic markets. Industry produced 49,577 million square meters (MSM) of fabrics during the year 2006. The per capita availability during 2004-05 is 36.1 square meters. Cotton fabrics constituted 48% of the output. It has been showing decreasing trends from 64% during 1992-93.

The handloom sector forms a small component of the entire textile industry. It produced 5,722 MSM of cloth in the year 2004-05 and contributed 13% of the Indian cloth market requirements. While it is growing at the rate of 3% in the last few years, it lost its ground to power looms. From 22% in 1996-97 its share has fallen to 13% of cloth market. This is because 75% of the cloth produced in handlooms is low cost and highly substitutable, while the rest 25% is high value niche products, which can not be produced by power looms

The per capita purchase of cotton textiles made in power looms & mills during 2006 was 5.61 meters as against 5.43 meters in 2005, resulting in a growth rate of 3.31%. However, there is 9.28% decline in consumption of cloth made in handlooms during the same period. The current consumption is 0.88 meters per head.

The textile market has become highly competitive. Even though there is rise in consumption of power loom and mill made cotton textiles the reasons behind decline in handloom cotton textiles is a serious issue from employment perspective. This is happening in spite of the interventions by government agencies to revive handloom sub sector. We shall try to understand these as we go on!

Food for thought

Can you think of major factors for such declining trends in handloom sector?



National Household Survey 2006- Market for Textiles and Clothing- Textile Committee-GOI ICRA 2005

Case for you

Fabindia, a private initiative has become a leading case-study in many business schools. Fabindia's first retail store opened in New Delhi in 1976. Today, Fabindia has 65 retail stores across India; Dubai, UAE; Rome, Italy and Guangzhou, China. They source handloom fabric all over India, convert them into garments and retail through their own stores across India and abroad. Former World Bank President James Wolfenshon has picked up 6% stake in Fabindia, putting its evaluation at Rs. 750 crores. Its annual turnover is Rs.200 crores. They claim to work with 15,000 artisans spread across 21 states.

But the supply chain for Fabindia too is controlled by the middle-men as Fabindia buys from the master weavers/traders and not directly from the weaver and hence the intervention was successful in enhancing the wage-days for the weaver but the benefits reached only up to master weaver and the weavers continue to slog. The greatest benefit goes to Fabindia who control the market. As a business model, there are many key lessons that can be learnt from Fabindia. The key driver for the success – value-addition, supply-chain management and emotion-based marketing.

But is there a chance to replace the private player with the weaver-owned company? Can we do it?

Chapter 2:

The Consumer

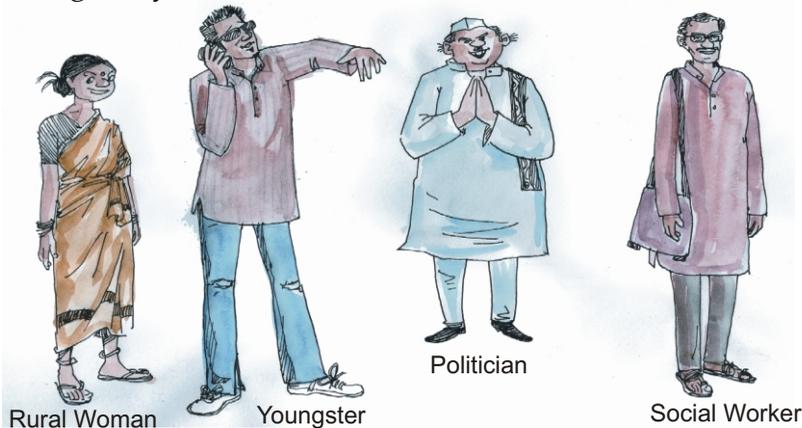
Who are your Consumers?

You might wonder who are the 'consumers' for handloom fabric and how they recognize it amidst heaps of factory made fabrics.



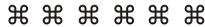
“Customer is our God”. Mahatma Gandhiji, father of our nation, once said- “a customer is the most important visitor on our premises. He is not dependent on us. We are dependent on him. He is not an interruption in our work. He is the purpose of it. He is not an outsider in our business. He is a part of it. We are not doing him a favor by serving him. He is doing us a favor by giving us an opportunity to do so.”

Your consumers reside both in urban as well as rural areas across Andhra Pradesh and rest of India. Rich, poor and middle class buy handlooms but in different quantities. Rural people prefer more handlooms than urban consumers. Women buy more handlooms than men. May be because women shop more.....Understanding complex set of consumers is the key challenge for you.

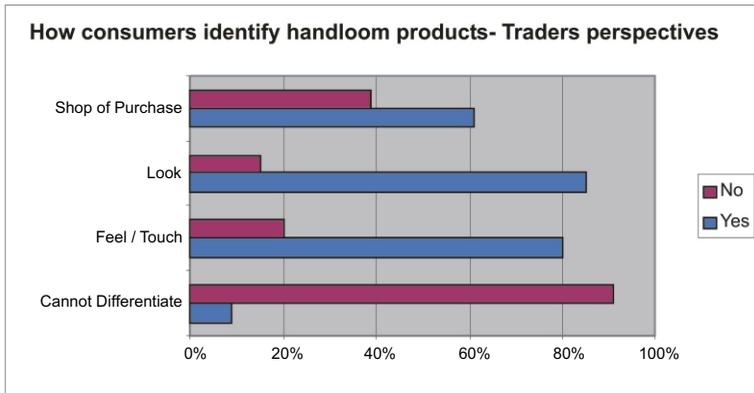


Explore

Visit two shops selling handlooms in your locality and observe the type of customers- male/female, age groups. Ask the shop owners approximate proportion of customers based on the above.



How do consumers identify handloom cloth while buying?



A product is any offering by a producer to a market that serves to satisfy consumer needs and wants. It can be an object, service or an idea. Consumers identify the products based on their usage experiences, perceived benefits from that product and its brand name. They usually recall and identify the products based on the features that satisfy them or leave them completely unsatisfied.

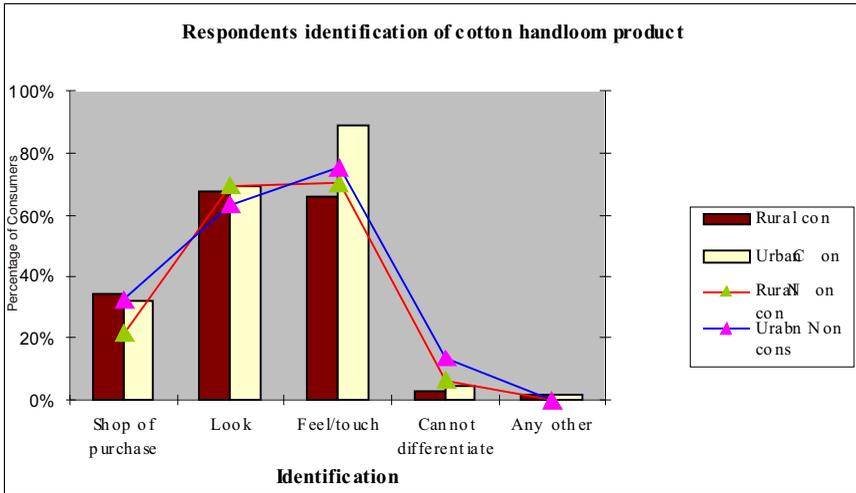
There is a general tendency in most stores to sell mill made clothes as handlooms to consumers. Consumers are unable to differentiate the product. The mill made clothes offer better product features and appeals to the consumers rather than handloom clothes. Off late the traditional designs and colours which helped consumers to differentiate handloom products

are being imitated in mill made clothes. This has erased any uniqueness in handloom clothes. Taking advantage of this factor, mill made clothes are sold under the brand name of handlooms.

Market mechanisms, for ensuring purity and quality, in other commodities have introduced standards and certification processes. Diamond and gold councils have done the same thing to protect the consumer interest. The efforts of the Government and certain other stakeholders operating in handlooms to develop handloom mark as a process of certifying the true handloom clothes is still at nascent stage. Also the legal ramifications for imitating handlooms are not clear and enforceable.

Surprisingly in case of handloom products, our study found that most of the consumers (92%) can identify and differentiate handloom cloth. The features

like look, feel and touch form the major factors through which the consumers identify the cloth. 60% of the traders say the shops where the consumer purchases are also a testimony for handlooms cloth. However, this factor was not identified by the consumers remarkably. This finding surely points to the dangerous dent made by powerlooms in camouflaging their identity and consumers are not even aware of it. Consumers think that they can identify handlooms but it is not true. Look, texture and designs have been superbly imitated by powerlooms. This already has given an idea to you – *“work on consumer knowledge first”*.



Exercise

Write two points what the above observations means to your handloom products from marketing point of view. Is consumer identifying your product an important factor in marketing?

⌘ ⌘ ⌘ ⌘ ⌘ ⌘

What are the factors that influence consumer's choice of product?

As diverse individuals, your customers would tend to view the cloth in their own ways based on its' utility and perceived values. Behavioral experts say that all of us act and react on the basis of our perceptions or how we see the things, not on the basis of actual realities/facts. Thus, it is this notion of our *perception as reality*, the most important factor influencing buying decisions and also buying powerlooms for handlooms.

The study indicated that attractive colors and comfort were the most valued criteria for all the consumers. These were valued relatively more by urban consumers than the rural consumers.

Within the rural segment, females were choosier on these factors than the males. Low price was more important for rural buyers. Interestingly, urban women valued longevity of cloth much more than their rural counterparts. The ease in maintaining the cloth was important for urban consumers whereas it was least valued by rural consumers. The consciousness about the cloth being fashionable is remarkable in urban consumer than the rural. Display of product details was not considered important for both rural and urban consumers. However the place of purchase was found to matter for rural women than the other category of consumers. Accessibility and price drive rural women and hence place mattered for them.

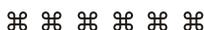
In the nutshell, the demand for handloom products can be driven by concentrating further on product improvements in terms of attractive colors, comfort, fashion, longevity and cost. Making clothes maintenance free is also an important factor improving the handlooms market.

Reflect

1. Think of two improvements you can bring about in your product to enhance marketability?
2. How can you get the required information for effecting the change?

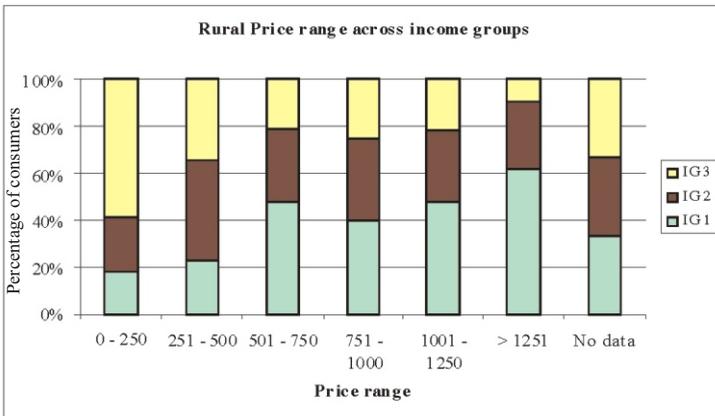
Case for you

Colours of Nature, Dastkar Andhra, Shramik Kala and many independent designers are working on production alternatives in terms of kinds of fiber used, usage of natural dyes and physical infrastructure. But the producers are hesitant to adopt the changes as it not only requires physical change in the production process but also an attitudinal change.



Does income and age have bearing on consumer buying behavior for handloom products?

Marketers would always try to focus their efforts on identifying only those particular groups of consumers whose product/service features requirements they are capable of meeting. Each of these groups constitutes a *market segment*. The key focus would then be to establish and communicate the product's key distinctive benefits in that market. Market segmentation is based on factors like geography (rural/urban), demography (age, sex, income groups), psychology and so on. These factors matter most in determining the patterns of purchase decisions, not only for your products, but for all products.



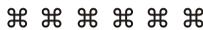
Now, when trying to understand these segments for handlooms, we have considered four dimensions like urban/rural, sex, income and age. All India statistics show that 51.28% of the textiles consumed are accounted by middle income group followed by 41.68% and 7.04% by higher and lower income groups respectively². We found that income has direct correlation with preferred price range of handlooms and the age with type of handlooms purchased. Wealthier were more in to Rs. 501 above range. Well, you already know how the products differ from males to females! India has young population with nearly 60% of population below 30 years of

age. Youth in the age group of 15 to 29 years preferred garments with fashionable design trends and in the price range of Rs.500-Rs.750.

The greatest potential for handloom market development rests with the products that are used most by the middle class families. Hence you must remember to identify the features within your product designs that satisfy apparel needs of these consumer segments. If you want to work on lower income groups – reduce your cost. For rich, just make the product unique.

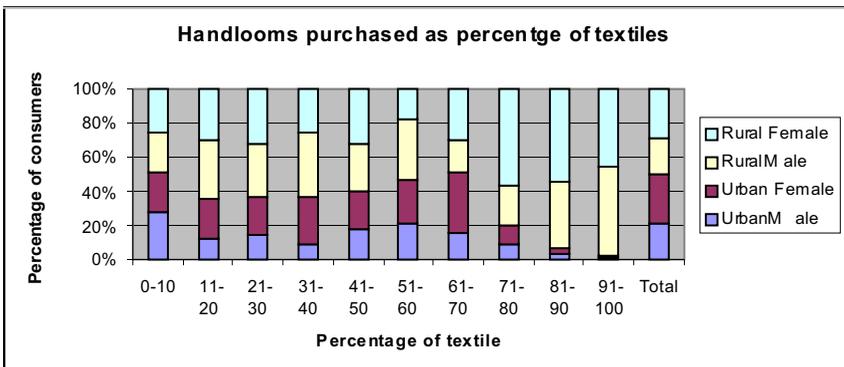
Reflect

1. Think of new products you can create to serve the youth? Think of innovations in price, product nature and colours that will enhance the chances of youth getting attracted to handlooms?
2. How do you meet the needs of middle income groups? Does this mean innovation in the material used or reducing the costs through other technology?



What's your share in consumer spending?

In the rural areas, 47% of the handloom consumers purchased less than 30% of their clothing requirement from handlooms. In case of urban areas, 67% consumers were using less than 30% of



their requirement from handloom materials. However, in case of rural consumers, about 14% of them use more than 91% of their requirement from handlooms. There is not much variation between male and females in purchase patterns. You will find men spending less on handlooms but this is due to lesser product range available to them. In rural areas men and women buy more handlooms.

If we try to understand this low share in consumer textile basket, let us cross compare with the type of cotton handloom products. The data indicates that most of cotton handlooms belong to the generic products like fabrics, towels, lungies, kerchiefs and dhotis where as powerloom cloth is used in every clothing, furnishing and industrial segments.

The other reason why handloom clothes form only small pie of total requirements of consumers is lack of wider utility. Clothing requirements of people is no longer confined to two pairs for daily use and two pairs for occasions. Daily wear, casual wear, formal wear, party wear, theme wear, children's wear, night wear...the list goes on. Do you make clothing for all occasions? Then why blame powerlooms for eating your market?

This data has implications once again on the imperatives to invest in product range improvement to overcome shortcomings in the existing products.

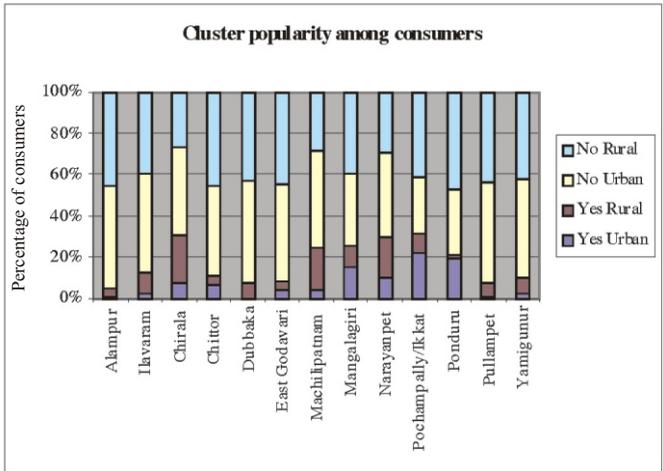
Reflect

1. How can handlooms widen its utility basket?

The Product

How many of the consumers recognize your cloth by your cluster name?

For success of any product in the markets, it is important to have certain niches or the useful features that the other competing products do not have. Then only the consumers tend to remember it by name / brand and recall further during subsequent purchases. A name becomes a brand when consumers associate it with a set of tangible and intangible benefits that they obtain from the product or service. It happens only when consumer gets those benefits consistently.



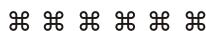
The study reveals that only three major clusters are enjoying the purchase preference as well as the high recall value among the consumers in both urban and rural areas. Moving out from AP, in cities like Mumbai, Delhi awareness about the names of particular clusters is low. Products from AP are known as south cotton and the place of origin is not known to many traders. Ponduru is a surprise inclusion due to its popularity for Khadi in AP.

- Pochampally/Ikkat, Mangalagiri, Ponduru are most popular clusters in urban areas.
- Mangalagiri, Chirala, Pochampally/Ikkat, Narayanpet are most popular clusters in rural areas.
- Highest ranking cluster is Pochampally/Ikkat at 30.6% awareness in urban areas.
- Highest ranking cluster in rural area is Chirala.
- None of the clusters are highly popular either in rural or urban areas with the non-consumer category.

This again points out to the fact that there is a need to develop unique brand features based on the clusters. Are non-consumers of handloom not buying the product because of lack of awareness or general dislike for handlooms? At the same time educating non consumers on the brands will be equally important to bring visibility and to increase sales.

Reflect

1. Why do you think consumer should remember your product?
2. List down the factors influencing recall value
3. Does your product have a recall value?
4. What can you do to your product or service to improve the recall value?

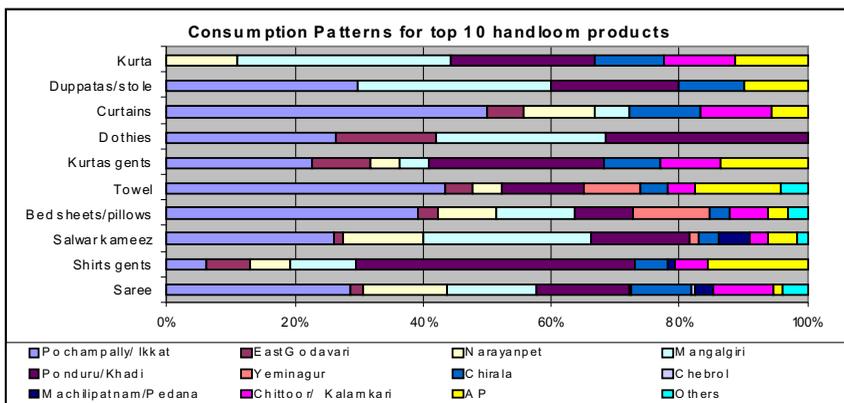


Which products are most preferred by consumers?

According to “CHIP India Handloom Market Survey 2005”, bright colors like red and indigo are very popular in both southern and northern regions and black and white are also prominent in northern region. Pastel colors are not much preferred in southern region and low preference in northern region. Market has shown a strong preference for Yellow color in southern region. In northern region consumers prefer to

wear brighter colors in summer and pastel colors in winter while floral pattern was found very common in Jaipur and traditional designs are popular, where as exclusive preference for just geometrical or traditional designs is very less in southern region.

Southern market has shown a strong preference for the fusion fabric like fusion of geometric and traditional and a fusion of Indian and western wear. Exclusive preference for just geometrical or traditional designs is very less. In Delhi because of metropolitan culture, there is shift in the consumers preference towards a fusion of Indian and western wear, this is not the case in Jaipur where the preference for floral and traditional design is still strong.



The pie chart presented below shows top 10 products preferred and purchased by your consumers. The sales of these products constitute 84% of the total handlooms sold put together. Let us try to understand it further. The graph on right side shows how much of these belong to your cluster.

Sarees

Sarees are the most preferred handloom products by both urban and rural consumers. Yes, Sarees have been part of our great tradition and dress code for women through out the

history and it continues to be so, giving classic look to their personalities! *Ikkat or Pochampally* as it is known in AP, is one of the most sought after handloom for its intricate design and uniqueness. It is the out put of tie-dye process that requires dyeing, designing and weaving skill. These sarees command 30% urban and 20% rural share of the respondent consumers. Narayanpet and Mangalagiri were next in urban consumption having a share of about 20% each. Ponduru Khadi and Pedana were the least purchased one. In spite increasing trend towards wearing salwar kameez in urban areas, saree still holds its forte.

Gents' shirts

Ponduru/Khadi has a dominant share of over 40% urban consumption. Ponduru Khadi is considered one the few remaining weaving traditions in India. Men's shirting products put together are only next to sarees in terms of popularity among consumers surveyed. Mangalagiri and Chebrol are other popular. Though men's handloom/khadi shirts are not visible in urban areas, in rural areas there are many non-descript clusters making plain, striped and checkered shirting material for men.

Salwar Kameez

This product is more popular among urban consumers in Andhra Pradesh. Pochampally/Ikkat and Mangalgiri clusters were preferred more by consumers. 25% urban respondents purchased material from those clusters for salwar kameez. Surprisingly Chirala and Ponduru scored the least with less than 6% of the sales. This may be due to the fact that Chirala dress material do not have distinct features like Mangalagiri and hence consumers could not identify them.

Bedsheets

Generally cotton made is preferred under this category. There are clusters like Yemmiganur specializing products in bedding

categories including Chadders. Exquisite designs coupled with ability of cotton to absorb sweat and keep the user cool and comfortable attracts the upper income group urban consumers than the rural. It is fourth ranked product in urban and eighth ranked in rural consumption and trader feedback. Here also Pochampally/Ikkat commands 40% share of the urban consumers who were interviewed and 15% in rural. Yes, East Godavari Cluster dominates rural scene with 20% share.

Towels

Towels are purchased more often by rural consumers than the urban. Pochampally/Ikkat holds dominant position in market share of over 40% followed by 30% rural market share by East Godavari cluster. Ponduru Khadi and Mangalagiri held 14-15% share in the markets. In urban areas powerloom towels and terry towels dominate the consumer purchase.

Gents' Kurtas

Largest share of urban market about 28% is for the Ponduru/Khadi cluster. East Godavari cluster dominates the rural segment with 38% market share. Apart from this, about 15% urban consumption is catered by unidentified AP clusters.

Dhothies

Over 30% urban market share is held by Ponduru/Khadi and about 30% rural market share each by East Godavari and Mangalagiri clusters. Where as East Godavari and Pochampally divide the dominant market share in trader data rank.

Curtains

Exquisite designs and colors are preferred by both rural and urban consumers. Naturally, Pochampally/Ikkat commands 50% share in urban markets. Similarly East Godavari holds 35% rural market share. The least sold ones are Narayanpet, Chirala and Chittoor/Kalamkari with 10% share in urban markets.

Dupattas/stoles

Ninth ranking product in urban consumption are Dupattas where 30% of the urban markets share is held by Pochampally/Ikkat and Mangalagiri each. Pondhuru/Khadi is preferred least with 10% sales. Mangalagiri is ranked highest by traders, followed by Pochampally/Ikkat.

Ladies Kurtas

Interestingly, Mangalagiri holds about 32-34% of the urban market. In rural areas, preference for kurtas as single product is low. Usually preference is given for salwar kameez sets.

Lungies

You just can't imagine southern India without lungies, the wonderful multi purpose and easiest garment to wear around our bulky trunks! Probably this is the only product with which a man comes up with flying colors when in home but not in market places! Am I true? Well, this ranked fourth in rural consumption and over 30% rural market share commanded by Mangalagiri and Pochampally clusters.



Generic Fabric

Fabric is a sixth ranking product in rural markets where 25% of the market share is enjoyed by East Godavari and Mangalagiri clusters each. Ponduru/Khadi and Chirala clusters also commanded 15% share each.

The products surveyed above were traditional. However, there is a need to understand the changing needs of consumers to develop new products. As mentioned earlier the wider utility base that one creates the greater the movement of products. Powerloom products have catered to the changing lifestyle needs of the consumer while handlooms are yet to adapt.

Handloom products do not have any range in formal office wear. Similarly it does not offer special products for youth and teenage segments whose needs are quiet different. There is a need to develop products for several occasions, utilities and age groups. Then the acceptability of the products will improve.

Durries

Though Warangal durries has been part of the study, recall value of the people is low. Also since it is a specialized product in handlooms, it seemed to have missed the consumer radar.

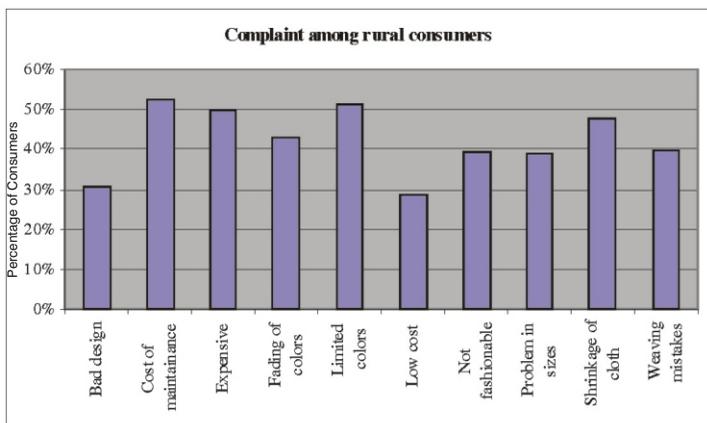
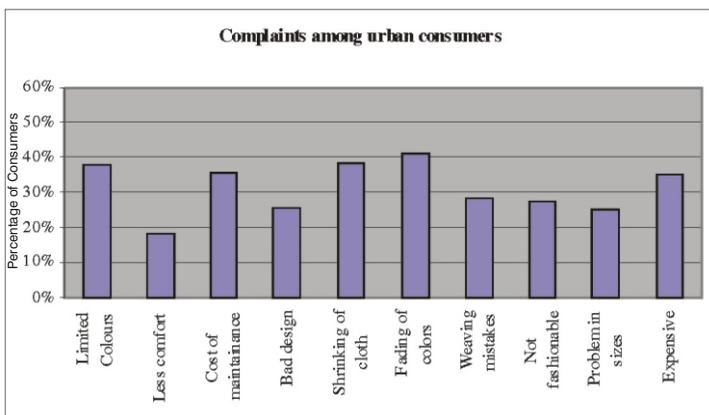
Reflect

1. Write five features that are required in fabric intended for fast moving ready to wear products? (Use consumer preference data brought out in this book)
2. List three reasons for such a wide variation in consumer preference share of different clusters.
3. What features in the product of these clusters you think are more important for consumers?
4. Can you explain why Pochampally commands in urban and East Godavari in rural markets?
5. Can you explain why Ponduru Khadi is competing with Mangalagiri in Kurtas and not in Dupatta, in terms of consumer perception'?

What are the major complaints about your products?

When we speak of 'marketing' your handloom cloth, he/she is buying it with certain attributes both seen and unseen in the cloth which are expected to satisfy his/her clothing needs. There are some innate deficiencies in certain product categories that need to be addressed with all sincerity in order to compete in the market.

Our study points out that for majority of rural respondents higher cost of the products, maintenance cost, limited color range and color fading acted as the major demand inhibitors for handlooms.





For urban consumers - bad designs, limited color options, color fading and less wearing comforts were the concerns.

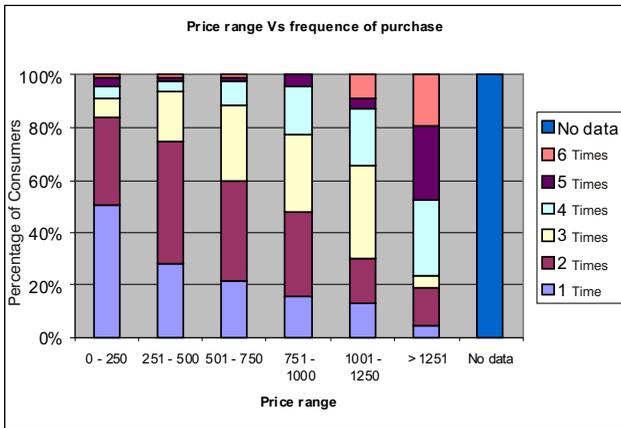
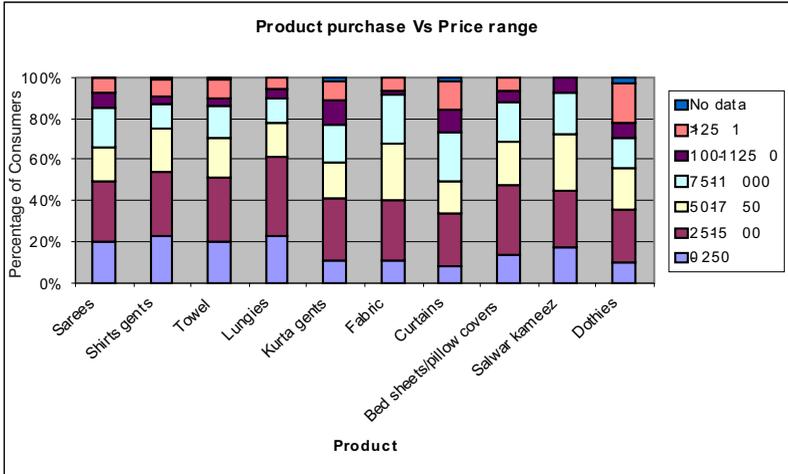
Reflect

1. How can we overcome these complaints? List down according to the following heads.
2. Improving colour fastness:
3. Reducing the cost:
4. More designs:
5. Improving maintenance:

Chapter 4:

Price

Which price range products are moving frequently in the markets?



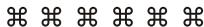
Textile market is highly sensitive for the prices. The fact that lower income group consumers prefer low price ranged products (up to Rs 250), 40% of them purchased these products with relatively lower frequency. Rs.251-500 is the most

preferred price range. High end products above Rs 750 are usually preferred by high income group urban consumers who purchase them often. However, the total volume of such products purchased would be lower than the low priced products. Though the poor/middle class are purchasing less frequently, since their numbers are more, they make up for the volume. This can be correlated with the per capita handloom cloth consumption in India where it is 0.88 meters. But if we segregate according to income groups, rich would be buying 100 times more than the per capita consumption.

Reflect
How will price data be useful for your product strategy?

Exercise
List down your products and current price range according to consumer categories. Can we make any improvements?

Variety	Price	Consumer Income level	Sales	Any changes required



How the price undergoes change from you to the consumer?

In case of generic handloom fabric business, we know that the margins on the produce is almost nil at your level since you work as wage earners with master weavers / wholesalers. Where as if you are organized as cooperatives, as we have been suggesting, 10-15% margins are retained at your society level. 10-15% value addition does happen at master weaver level and

further 20-25% at the retail level. This margin at retail level is irrespective whether it is fabric or a ready to wear garment. In case of garments 20-25% of value gets added at garmenting level. But the profit margins are highest for the retailers.

Don't you feel that being garment manufacturer is more remunerative than the fabric producer?

Exercise

Write important value additions you can bring about for your cloth.

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Do you know how to 'price' your product?

There are all together four things you should remember in marketing. They are called 4 Ps- Product, Price, Place and Promotion. We use these in combination as deemed fit to our stated marketing objectives. We have already dealt with Product and bit of pricing. Any product or service you buy has a price tag on it. This is the only element in the marketing mix that brings in the revenues. All the rest are costs. Price communicates the value positioning of the product. I will give you a thumb rule which you can not forget.

Price = Cost + Profit

Now we know that we have to arrive at our production costs; the costs incurred in producing a meter of cloth. Add a decent margin of profit to it and that becomes the price for your cloth! But in real life situations, this is not as simple. You have to take in to consideration several other factors like type of product, demand sensitivity to price, competition in the market, whether you are planning for market penetration with low

price- high volume or aiming for high price low volume mix. Well, there are several ways to calculate the price, like mark up pricing, value pricing, etc



Generally the average cost of cotton textiles during 2006 was Rs 47.87 per meter. In urban areas it was Rs 65.26 and rural Rs 36.26 per meter². The cost difference in urban and rural areas is due to - logistics, quality, value-addition and higher cost of real estate. Roughly, the mark-up for sales through different channels can be as given below. These are only thumb rules and can be changed according to the situation - purpose, place, type of sales.

#	Channel	Mark-up
1	In the society/ at doorsteps	10-15%
2	Wholesalers	15-20%
3	Retailers	30%
4	Garments	30-50%
5	Exhibitions	50-100%

Exercise

Illustrate how you calculate the cost of producing one meter of cloth. List down all the costs you incur and unitize them per meter basis

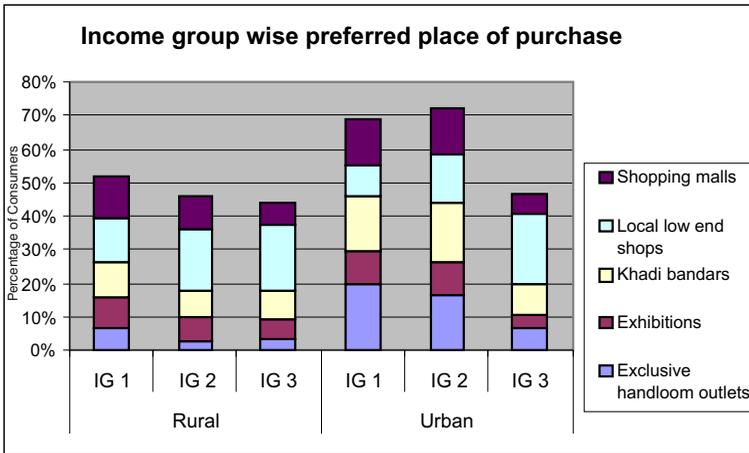
Prepare a pricing chart for your products in the following format

Variety	Cost	Price					
		Society	Exhibitions	Retailers	Wholesalers	Weavers	Defects

Place

Which is the preferred place of purchase?

The role of retailing and wholesaling consists of bringing goods from point of production to point of use. Retailing includes all activities involved in selling goods directly to final consumer for their personal and non business use. Although goods and services are being sold through retail stores, “non-store” retailing in the form of direct selling, automated vending are also growing rapidly. Shopping malls add finer value additions in terms of ambience, comforts and services to the concept of retailing to attract consumers with upper income groups. The government and development sector organizations usually bank upon conducting exhibitions to encourage sales and visibility.



The study data shows that rural consumers prefer local shops, shopping malls, khadi bhandars and exhibitions in the descending order. For poor and middle class shopping malls are out of question. Also in villages shops like Chandana brothers are considered as shopping malls.

In urban areas, preference for upper income group consumers was for exclusive handloom outlets, boutiques, khadi bhandars and shopping malls in that order. In contrast, the consumers within the lower income group category preferred local low end shops. Though shandies have not been included in the list, many non-descript low end handloom sarees and dhotis are sold during weekly shandies.

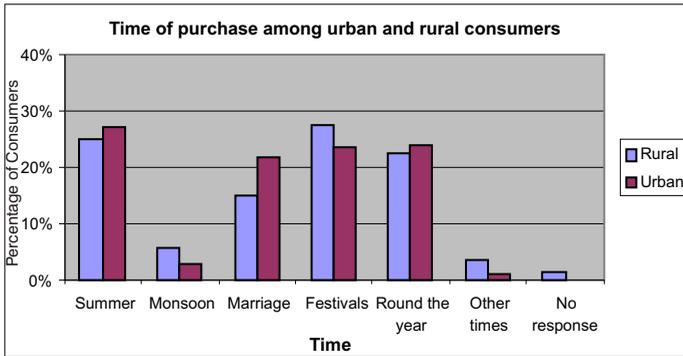
I think you are now worried where to take your products to sell! Don't worry. Most of these high end channels are meant only to add value to the products. The way in which they present them to consumers is highly focused for the target consumers. These stores source the products in ready to wear form from wholesalers/retailers. Then what prevents you from meeting their requirements?



Think for a while

The product and place strategy for new products is to ensure rapid penetration in the markets. This requires low priced product mix preferred by middle and low income group segments. High priced product mix focused for up market segment requires all together a different market matrix. Can we attempt both together in handlooms?

When do consumers buy handloom products?



Highest purchase by urban consumer sample is seen to be in the summer as seen in the graph. Do you agree? However, 29% of consumers who say that their maximum purchases take place round the year. Festivals and Marriages were also relatively peak seasons for purchases. Thus, the urban market does not show a very marked seasonality. This denotes changing lifestyle needs of urban, where traditional occasions are not the only time people buy. Clothing has become a luxury item for rich. Almost similar trends are noticed in rural areas also, where highest purchases of handlooms took place during summers and festival time. Marriage purchases were significantly lower compared to urban consumers. Ha! Now there is reason for you to celebrate!



Exercise

What are three major implications of round the year sales on your handloom business?

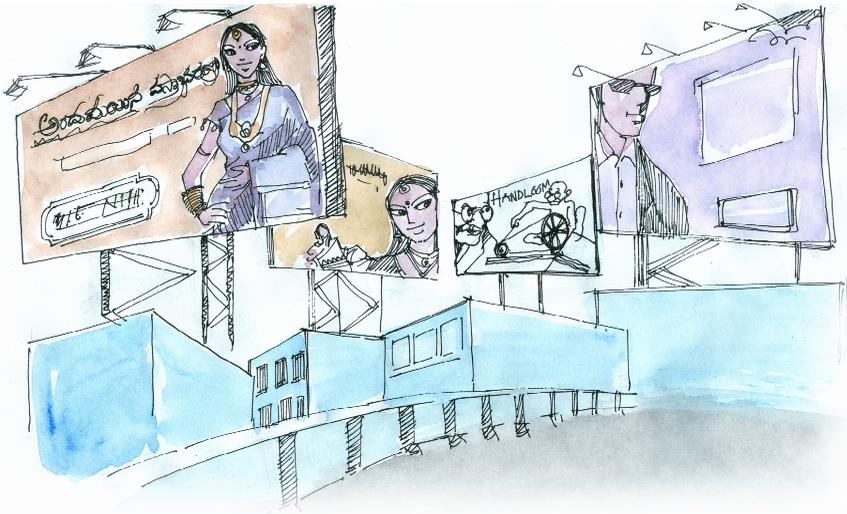
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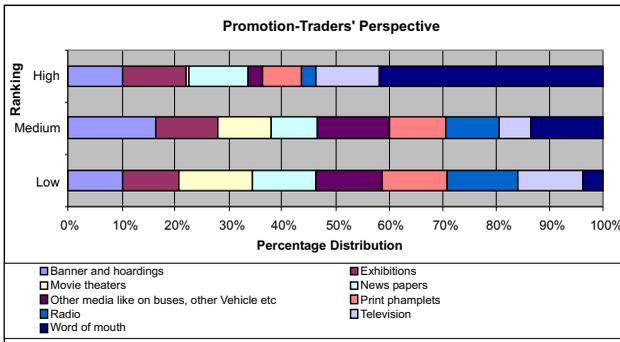
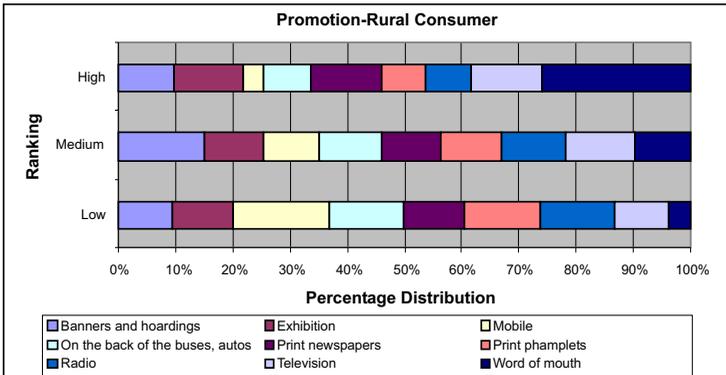
Promotion

What are the effective tools for promoting your products in the markets?

Promotion is one of the four major elements of the marketing mix. The main promotional tools- advertising, sales promotion, public relations and personal selling works together to achieve communication objectives. We should first understand who the target audience are, the response sought from communication process and the message source in order to formulize promotion strategy.

Handlooms are generally sold as textile commodities in traditional way. However, organized initiatives are now undertaken to establish them as products with brand. Given the nature of the producers and consumers, their spread, their margins - many of the conventional tools are employed to reach the target consumers.





The study data was analyzed as above from the consumer and trader perspectives. In both the cases, word of mouth came out as the most effective tools in message communication for handloom products. Television scrolls comes as second as it is accessible to mass population. Exhibitions are a strong channel for gaining visibility but have limited reach. Pamphlets, banners and hoardings show lower rank than the others mentioned above. The point here to be noted is, handloom products can be promoted effectively using low cost but efficient tools. For local sales, pamphlets, mobile advertising and TV scrolls are used effectively. Urban stores use print and internet media for advertising. But still traditional word of mouth channel is popular also because of cost involved in advertising. Also since the customers are scattered only new print advertisement may cost more.

Making use of the promotional schemes

Various schemes are made operational by the government of India to promote the sale of handloom products. Few of them are given below.

1. Handloom Export Scheme:

This is designed to assist handloom agencies for the development of export worthy handloom products and their marketing at the international level by way of participation in international fairs and exhibitions. A total of Rs 26 Crores is ear marked for this scheme.

2. Marketing Promotion Programme (MPP):

The objective of the scheme is to promote the marketing of handlooms to improve levels of awareness among handloom weavers and the general public for overall development of the handloom sector. Assistance would be provided for organization of exhibitions and fairs, setting up of Urban Haats, Setting up of Marketing Complexes, Publicity and Awareness programs.

Weavers are allotted stalls in Dilli Haat, and in various Craft Melas, on a fortnightly basis, to sell their products. Rs 40 Crores has been earmarked for this scheme. Financial assistance ranging from Rs 10 Lakhs to Rs 200 Lakhs is extended for conducting handloom expos, craft melas and district level events in the ratio of 35%-35%-30% shared between the implementing agency, the state and the central government. Assistance for setting up Marketing Complexes is given with a view to create a permanent marketing outlet for handloom weavers.

3. Handloom Mark Scheme:

This scheme is intended to provide distinct identity for genuine handloom products on the pattern of Wool Mark and Silk Mark. Introduced in June 2006, Handloom Mark will help the weaver market his products for better returns. The idea is that the 'Handloom Mark' will provide a collective identity to the handloom products and can be used not only for popularizing the hand-woven products but can also serve as a guarantee for the buyer that the product is genuine.

As yet, we do not have any system of certifying the authenticity of the handloom product exported under any legal provisions. The Handloom Mark system does not require dealers in handloom products to compulsorily enter into a license agreement with the Textile Committee. It is only under the voluntary agreement that that provides for licensees that furnishes information on production, manufacture and marketing of handloom products. The Handloom Mark logo is yet to be registered either in India or in countries such as the UK, the USA, Canada, Japan, Egypt and some European countries as a trademark or certification trade mark or collective mark.

Making use of the emerging opportunities

E-Commerce

E-commerce is nothing but the trade transactions carried out using personal computers via internet. It is emerging rapidly in India and today it is considered an important driver within our economy. It is convenient and time saving. The convenience associated with shopping at home and the availability of a range of products has made it popular among the consumers and traders. The estimated market size is Rs. 7080 Crores by 2006-07. Major sub segments within this category are travel, online classifieds, e-Tailing and paid downloads. However, there are hurdles to growth such as product quality, the ability to bargain and security issues with regard to e-transactions. Now the trend is to use 3G mobiles for such transactions and this may give a boost to this segment.

Handloom products can be sold directly using this platform and opens a new vista for the weavers to access up-market segment directly. Big players like Fab India, Anokhi and scores of medium sized, stand alone boutiques are already using e-commerce platform to reach overseas customers.

Local Rural Markets

Fast growing rural markets offer immense potential for the weavers or their collectives to access the consumers directly. As we have pointed out else where in this book, there are consumers for handloom products every where. Consumption of handloom products in rural areas is high and needs economy class products for low and medium income category consumers. DESI in Karnataka has done a novel experiment in this regard and is being hailed as a success story. What requires

is inquisitiveness to understand who your consumers are and what he/she needs. DESI understood the pulse of major consumer segment, i.e the rising middle class and came up with ready to wear products with natural dyes and at affordable price range. They have retail outlets both in rural and urban areas where there is no fan fare and depends mostly on word of mouth communication tool. Within 3 years, they have started out sourcing from distant weaver groups and opened stores in northern Karnataka areas. There is demand from other metros also, but their policy is to build the markets only when the production is matched in terms of volume and quality. Thus, consciousness about quality, price range, niche products with environment friendly dyes, low cost promotion tools and concern about the welfare of weaver women have all contributed for its success. Go local for keeping the overheads low and reaching the middle-class.

The purchasing power of rural consumers is also increasing and consumerism has opened new avenues for marketing rural products. Most of the essential commodities and niche rural products are now finding their market space within the rural areas. Mulkanur Women Cooperative Dairy has set an example to prove that producer organizations can be run successfully even by catering to rural and semi urban markets that are near to the point of production itself.

Fair Trade

Fair trade is an organized social movement that is gaining ground in recent times with increasing awareness of the consumers and institutions about the exploitative conditions existing in farm and non-farm sector. Providing fair market conditions to improving the producers' position in the market are the ground principles of fair trade. The movement specially focuses on exports from developing nations to developed nations.

In crafts sector with middlemen eating larger pie in the profits as well as retailing gaining the maximum share in the consumer spending, craft persons are unable to take advantage of the growing economy in India. Fair wages, fair process of production, no to child labour and fair conditions of working are some of the practices to be followed by fair trade organizations. Advocates of fair trade are international organizations like Oxfam, Amnesty International.

So What Now?

The market study indicates that though there are certain negatives going for handlooms, there are many supply chain, market infrastructure anomalies that have to be corrected. The current sorry state is not about the failure of cotton handloom as a cloth. It is the fault of misrepresentation, unsuitable market infrastructure and unfair ways of marketing. Or may be we are not as blatant and as “in the face” like our competitors. Hence, it is not more a product failure but we are falling behind the other 3P's in the marketing mix. To sum it up, please think over the following issues:

1. Can we bring down the cost of the cotton handloom product through better *technology* to compete in the market?
2. Can we strive to develop certain minimum *quality standards* as well as quality testing equipments for cotton handlooms?
3. Can we explore more *local marketing* avenues for handloom products to reach out to middle and lower income groups?
4. Can we set-up *low cost marketing* outlets in the villages?
5. Can we increase the *utility* of the product as well as *diversify the form* of cotton handloom fabric?
6. Can we build appropriate, *weaver-owned*, weaver controlled marketing institutions where you think and make the decisions?
7. Can we bring *value-addition* to the weaving villages instead of housing them in cities?
8. Can you learn *marketing*?

Cotton handloom product marketing strategies can be considered successful only if you can afford to buy your self-woven cloth. This means reducing the cost on one hand and increasing your incomes on other hand. And the connection between the two is your “thinking” mind.

Can the market give you a chance to “think marketing?”