



MARKETING PROBLEMS OF MICRO ARTISAN ENTERPRISES IN THENZAWL HANDLOOM CLUSTER, MIZORAM

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Abstract

Handlooms an age old tradition of the rich cultural heritage of India is an important sector with respect to its size and employment potential. It is the second largest employment provider after agriculture, providing employment to 12 million families. Clusters and clustering of small firms is increasingly becoming an important tool in Micro, Small and Medium Enterprises (MSMEs) development in both developed and developing economies. Since centuries, India developed a system of specialised handloom concentrations throughout the country. Handloom and handicraft clusters dominate the cluster landscape of the country. The cluster model of developing traditional micro enterprises has shown success in handloom clusters in the country. Marketing, however, has been a general problem faced by the handloom industry in India, since these products are known for niche marketing. The Chanderi (Madhya Pradesh) and Kannur (Kerala) clusters are examples of how with the required institutional support they have become benchmark clusters for others to emulate by making inroads into international markets.

Keywords: marketing, marketing problems, micro enterprise, micro artisan enterprises

Handlooms represent an age old tradition of the rich cultural heritage of India. This sector is important from the point of view of its size and employment potential. In fact, it is the second largest employment provider after agriculture, providing employment to 12 million families and constitutes about 13 per cent of the total textile production of India (Ministry of Textiles, Government of India, 2009-10). Moreover, this sector employs the most vulnerable sections of the society viz, women and people belonging to SC/ST communities. Out of the number of persons employed in the sector, 60.40 per cent are women and 35 per cent belong to the SC/ST communities (Government of India, Ministry of Textiles, Annual Report 2009-10).

Clusters and clustering of small firms is increasingly becoming an important tool in Micro, Small and Medium Enterprises (MSMEs) development in both developed and developing economies. Porter (1998) defined clusters as "A geographically proximate group of interconnected companies and associated institutions in a particular field linked by commonalities and complementarities. Clusters encompass an array of linked industries and other entities important to competition, including governmental and other institutions - such as universities, standard setting agencies, think tanks, vocational training providers and trade associations."

Since centuries, India developed a system of specialised handloom concentrations throughout the country where the entire village functioned as a workshop. According to a UNIDO survey, there are 388 SME clusters and about 6000 rural and artisan based micro enterprises clusters in India (Foundation for MSME, 2009). Handloom and handicraft clusters dominate the cluster landscape of the country. The cluster model of developing traditional micro

enterprises has shown success in Mangalagiri (Andhra Pradesh), Kannur (Kerala), Chanderi (Madhya Pradesh) and several other handloom clusters in the country.

Marketing is crucial to the success of any industry. Marketing, however, has been a general problem faced by the handloom industry in India, since these products are known for niche marketing. Moreover, the weavers lack the resources to advertise in the mass media on a large scale. Notwithstanding these constraints, handloom products have found their way into export markets through the support of institutions such as FAB India and others. The Chanderi (Madhya Pradesh) and Kannur (Kerala) clusters are examples of how with the required institutional support they have become benchmark clusters for others to emulate by making inroads into international markets.

Review of Literature

Several studies have been conducted on the marketing aspects and the challenges faced in this area by the handloom industry in the recent decades. Niranjana (2004) studied the characteristics, nature of markets, mode of institutional mediation such as cooperatives on the basis of case studies from three regions of Andhra Pradesh, namely, Coastal Andhra, Rayalseema and Telangana. This study contradicted the popular perceptions that handlooms catered to a niche market only, both overseas and in India; and that setting up of cooperatives was a panacea to tackle the problems of yarn, market access and employment of the handloom industry. It was further observed that on one hand the well functioning smaller cooperatives had suffered due to mergers with larger cooperatives and on the other side the apex body of weavers' cooperative societies had failed in their marketing strategies which led to the collapse of many cooperatives and ultimately affected the common weaver in the state. The study suggested that several issues



related to the handloom industry required mapping and analysis on the basis of field information. Sharma (2004) traced the success of providing innovative Business Development Services (BDS) in design and product development; upgradation of weavers' skills and development of marketing tie-ups through National Institute of Fashion Technology (NIFT) in different handloom clusters in 14 districts of Andhra Pradesh. Niranjana et al (2006) attempted to highlight certain trends and processes that typify marketing of handlooms and offered insights into understanding marketing practices of artisanal production. Kumar (2007) presented the case of Anokhi (a federation of craftsmen) in reviving Rajasthan block prints and changing the way that these craft items were marketed while Aruna M (2006) traced the case study of Urmul Trust in Bikaner, Rajasthan, in making handloom weaving a major income generation activity by product innovation and diversification to cater to the demands of national and international markets. In another study, Puri (2006) made an attempt to identify the marketing strategies followed by the Dastkar Andhra Marketing Association (DAMA) in Andhra Pradesh to expand market share of handloom products. Dharmaraju (2006) explored the experiences of weavers in two handloom weaver cooperatives in Angara and Koyalagudem in Andhra Pradesh. Mathur (2006) cited the role of Rehwa Society in the phenomenal growth of Maheshwari handlooms in the Nimmar region of Madhya Pradesh. Modak (2006, 2007) traced the success of Fab India as a major player in the retail handloom sector in India and the reasons behind the success of Fab India. Syamasundari and Niranjana (2006) found answers to the non-market factors and conditions that influence marketing practices of the handloom industry. They also studied the production related innovations undertaken by handloom firms and argued for a production paradigm that values growth along with equity. Kasturi (2007) explored the successful marketing strategies adopted by the Developing Ecological Sustainable Industry (DESI), a non government agency, in creating a brand identity for handloom products in Karnataka. Syamasundari (2007) contended that the handloom industry is far from being a 'sunset industry' and by building on the strengths of handloom industry such as product innovation, organisations involved in marketing of handlooms can lead the industry into a bright future.

Research Methodology

The study is restricted to Thenzawl, one among 23 towns in Mizoram located in Serchhip district, which has developed as a handloom cluster. It has a population of 5519, with almost an equal proportion of males and females and a literacy rate of 83 per cent (Government of Mizoram, 2008). For the purpose of the present study, an entrepreneur is defined as one who is weaving or

managing the weaving activities for commercial purpose and also owns a loom or looms. The cluster has about 200 micro handloom enterprises and the present study is based on primary data collected through field research by administering a structured questionnaire on a sample of about 50 per cent of the entrepreneurs (97) based on random sampling method. An attempt was made to cover the sample entrepreneurs or enterprises belonging to all the 11 localities in the town namely, Bazar Veng, Vengtlang, Laural, Venghlai, Vengchak, Dinthar Veng, Lungrang, Venglun, Model Veng, Field Veng and Vety Veng. A self-assessment of the marketing problems faced by the sample entrepreneurs was sought and they were requested to assign three ranks to the problems on the basis of the magnitude of the problem. The first ranking problem carries three points, the second problem two points and the third one point. On the basis of the percentage of the total weighted score for each problem, overall ranking has been made. A choice of 'any other' was given to them in order to ensure that their choices were not restricted to only the ones given in the questionnaire.

Handloom Products of Thenzawl

At the outset, it would be interesting to have a glimpse of the various products manufactured in Thenzawl and their socio cultural connotations. Mizoram offers a rich and varied ethnic range of intricately woven handloom products. The '*puan*' is the most widely worn ethnic dress in Mizoram. In fact, the word '*Puantah*' which means weaving in Mizo language has sprung from the word *puan*. The *puan* is akin to the *lungi* usually about 45 to 48 inches in width and about 36 inches in length worn by women.

There are *puans* for every occasion – festivals, weddings, dances and mourning with specific designs, colours and names. *Puanchei* is worn for weddings, *Ngotekherh* for festivals and *Puandum* for mourning and so on. About 13 items of handloom products are produced in Thenzawl cluster ranging from *puans* and shawls to bags and purses. These different products and their sociocultural implications have been described and elaborated below.

Puandum is usually woven in black, red, yellow and green stripes. *Puandum* traditionally had to be taken by every Mizo girl to her husband's home when she got married and it was used to cover her husband's body when he died. It is usually worn as a mark of respect to a dead person during mourning and condolence.

Puan ropui is a niche product woven to cater to the needs of the modern Mizo women. It is richly embroidered with *zari* and intricate designs and motifs all over the *puan*. It is the richest and most highly priced *puan* produced in Thenzawl.

Plain puan is the *puan* commonly worn by Mizo women as a daily dress and the price is low.



Vest Coat is a colourful jacket woven in ethnic Mizo designs worn by men and women.

Other items include bags, shawls and vest coats. Bags, purses and shawls with typical ethnic Mizo designs and colours are becoming popular in recent times. Weavers have gradually diversified into these products to cater to the increasing demand (Ramswamy and Jyoti Kumar, 2012). It was observed that the market for the products of sample entrepreneurs in Thenzawl cluster was primarily local in nature i.e. restricted to the state of Mizoram. The sample entrepreneurs were enquired about the marketing problems that confronted them. On the basis of their answers, ranks were accorded to the problems based on a weighted score. Table 1 lists out the problems faced by the sample entrepreneurs relating to marketing. The highest ranking problem was 'low margin' with a rating of 34.91 per cent, followed by 'slackness in demand' (28.02 per cent rating) and 'traders not giving good price for products' (14.01 per cent rating). The other problems cited were: 'problem of distribution' (7.76 per cent rating), 'competition from power loom units' (7.54 per cent rating), 'limited resources for publicity' (6.47 per cent rating) and 'competition from products of neighbouring states/countries' (with a rating of only 1.29 per cent). The first rank was accorded to low margin on the products they sell with the highest rating of 34.91 per cent. 62 entrepreneurs (about 64 per cent) have cited this as one of their three important problems.

It is observed that most of the enterprises sell their products through private agents mostly operating in Thenzawl. However, some small weavers prefer to resort to direct selling in Aizawl market mostly on door-to-door basis. It is distressing to note that the government agencies such as Mizoram Apex Handloom & Handicraft Cooperative Society Ltd. (MAHCO) are playing a negligible role in facilitating sales in the cluster.

Interestingly, in comparison to the clusters in other parts of India, the margin of profit earned by the sample enterprises in Thenzawl cluster was quite high. The average margin of profit for the enterprises was about 25

per cent and the traders were getting a high margin of about 22 per cent. A comparison was made to the margins earned by the master weavers in other clusters viz, saris of Burdwan in West Bengal (14 per cent), *Inaphi* of Imphal in Manipur (5 per cent), woolen shawls of Kullu, Himachal Pradesh (10 per cent), *zari* cotton saris of Madhavaram in Tamil Nadu (10 per cent), and silk saris of Bhagalpur in Bihar (7 per cent) (Diagnostic Reports).

Fifty two sample entrepreneurs perceived 'slackness in demand' as one of the three marketing problems faced by them. The third ranking problem (14.01 per cent rating) cited by the sample entrepreneurs was, 'traders giving a low margin'. This was followed by the 'problem of distribution' which was identified by nineteen entrepreneurs as one of the three important problems faced by them.

In fact, the marketing problems faced by the sample entrepreneurs are interrelated. Although the sample entrepreneurs in Thenzawl cluster earn a high rate of profit margin (about 25 per cent), it has emerged as the highest ranking problem. This margin of profit was higher as compared to the margins earned by master weavers in other handloom clusters of the country. At the same time, the sample respondents in the present study have perceived the 'traders giving low margin' and 'slackness in demand' as the most important problems. It appears that most of the sample entrepreneurs in Thenzawl cluster are over dependent on the traders or middlemen and their helplessness in distribution of their products is being exploited by the middlemen as the traders are earning a high margin of about 22 per cent. Therefore, it is evident that almost 50 per cent of the price of the product consists of the profit margin being enjoyed by the entrepreneurs and the middlemen. It is but natural that when the product is not an essential commodity such high prices would certainly deter the customers from regularly buying such items. As middlemen are enjoying an almost equal margin of profit on par with the entrepreneurs, it seems the entrepreneurs felt 'low margin of profit' as the highest

Table 1: Problems Relating to Marketing

Nature of Problems	Entrepreneurs' Ranking of Problems			Weighted Score	Rating (%)	Rank
	1	2	3			
1. Competition from power looms units	9	3	2	35	7.54	5
2. Slackness in demand	33	12	7	130	28.02	2
3. Low margin	43	14	5	162	34.91	1
4. Problem of distribution	5	7	7	36	7.76	4
5. Competition from products made in neighbouring states/countries	1	-	3	6	1.29	7
6. Traders not giving good price for products	2	25	9	65	14.01	3
7. Limited resources for publicity	4	4	10	30	6.47	6
No response	-	32	54	-	-	
Total	97	97	97	464	100.00	



ranking marketing problem.

Therefore, it may be concluded that the crux of the marketing problem lies with the over dependence of the entrepreneurs on a few retail outlets who exploit the entrepreneurs by charging high margin of profit. In other words, the entrepreneurs are focusing their energies and efforts in managing the production activities of their enterprises and in the process they are unable to reach the customers. Ultimately this has led to losing the control over three Cs of distribution management namely, coverage of the market, controlling the channel members and cost of channel management. Moreover, the existence of middlemen has created the widening gap between the entrepreneur and the final customer.

Further, it is observed that the specialised agencies such as Mizoram Apex Handloom & Handicraft Cooperative Society Ltd. (MAHCO), Mizoram Handloom and Handicrafts Development Corporation Ltd. (ZOHANDCO) and Federation of Mizoram Handloom & Handicrafts (ZOHANFED) are not playing any proactive role in providing the required support to the handloom enterprises located in Thenzawl cluster. The competitiveness of the cluster cannot be enhanced in the absence of concerted joint action of the facilitating agencies such as MAHCO, ZOHANDCO and ZOHANFED, Directorate of Industries (Handlooms & Handicrafts), Government of Mizoram and the entrepreneurs of the cluster.

Conclusion

First and foremost, the Thenzawl Handloom & Handicraft Association (an association of the weavers) should be strengthened into a larger federation so as to increase their competitiveness in the local, national and international markets through appropriate linkages with the intermediaries. Secondly, taking a cue from examples of case studies in other parts of India, there is a need to innovate on art, design and technology to produce high value added products for national and international markets. There is a need to add new products in accordance with the changing preferences of consumers based on continuous marketing research. Further, the cluster needs to create a strong brand that would reflect the socio cultural ethos of the Mizo society. There is also an urgent need to understand the local market, customer preferences, and customer behaviour through market research.

To elaborate further, research studies suggest that traditional skills can be used to innovate on new products to expand the markets. Case studies such as Urmul Trust in Bikaner, Rajasthan (Aruna M, 2006) showed how product innovation for outside markets with a focus on exports slowly expanded the markets for the handloom products beyond the local markets to national and international markets. This was initiated by procurement of

orders through participation in exhibitions and fairs. Another case study (Niranjana and Syamasundari, 2006) of Mangalagiri saris cluster in Guntur district of Andhra Pradesh showcased the success of five weavers who started on a modest scale of around ten looms and have grown to more than 100 looms by altering their product profile and diversifying to new products, for example, from saris to Punjabi suits; and expanded markets through product diversification. Another similar study (Dharmaraju, 2006) on two handloom weaver cooperatives in Andhra Pradesh, namely Angara in East Godavari district and Koyyalagudem in Nalgonda district observed that they capitalised on unique products and explored national and international markets through participation in exhibitions and fairs to become successful.

Learning lessons from such examples, the entrepreneurs in Thenzawl handloom cluster can also innovate on art, design and technology to produce high value added products for the local, national and international markets. There is a need for greater support of the government agencies in the marketing of these products not only in Mizoram but also at the national and international levels. This could be facilitated through exposure in exhibitions and trade fairs and support in identifying products that could be sold in these markets.

There exist several components under the Integrated Handloom Development Scheme (IHDS), a centrally sponsored scheme formulated under the eleventh plan that offers financial assistance to organisations in selected clusters for publicity and market development which would cover expenditure towards advertisement, printing of brochures, organising buyer-seller meets, exposure visits to the weavers to other clusters, awareness programmes, acquiring Geographic Indication (GI) and Handloom Mark and so on, on the basis of sharing between central government, state government and beneficiaries. Such assistance would also deal with problems of limited resources for publicity. The state government should initiate the process of adoption of Thenzawl cluster under this scheme to sustain and develop the cluster. The future prosperity of Thenzawl cluster depends on developing successful marketing strategies, through continual product innovation and market expansion and proactive cluster development interventions by both the central and the state government.

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