CHAPTER 8

PROBLEMS IN THE ADOPTION OF MARKETING STRATEGIES

Introduction

The basic problem of marketing management is to make effective adjustments between the forces that are within and outside its control. The forces that are within the control of weavers' cooperatives comprise production capacity and facilities for production, financial and human resources, suppliers of raw materials, research and development capacity, their managerial and organisational abilities effectively supported by strategies. The forces that are outside their control comprise competition, technology, the market condition, political and legal forces. These uncontrollables make up the environment in which these societies must operate. Thus, dynamic marketing management in weavers' cooperatives implies the continual adjustment and adoption of their controllables with appropriate strategies in relation to their uncontrollables. This chapter attempts to highlight some of the problems confronted by weavers' cooperatives in their efforts to bring about needed adjustments in the controllable factors. A few uncontrollable factors are also analysed from the point of view of their relevance to controllable factors.
In practice, weavers' cooperatives find it difficult to develop and adopt suitable strategies on product, price, distribution and promotion mixes. They are unable to bring the effective adjustment of their controllables in relation to their uncontrollables due to various reasons. Some such reasons that impinge on the capacity of weavers' cooperatives in adopting suitable marketing strategies are discussed here.

**Structural Limitations**

In formulating marketing plans, the marketing manager must make decisions within the context of the policies set by top management. So far as the Cooptex is concerned, owing to the pernicious practice of nominations to the Board of Directors, the PUCSs could not have a decisive say in the formulation of policies at higher levels. Further, as the elected Board of Management was superseded, the management of PUCSs had been vested with special officers. The bureaucratic structure at the top management, by and large, was the first impediment in evolving a "consumer oriented marketing" strategy.

It was observed that in the Cooptex, under the 'functional structure' there were two marketing managers on the basis of geographical location vis., North and South of
the country respectively, and they attend to "sales functions' instead of 'marketing'. The important marketing functions like product design development, procurement of fabrics, production planning and control, advertising /publicity, market research and development, export marketing etc., were not brought under their purview. As such the marketing managers did not have the opportunity to develop an integrated marketing strategy.

As far as PUCSs are concerned, most of them adopted simple-line staff structure. It was observed that the PUCSs were concerned more with production operations and in implementing government's programmes. They paid only a limited attention to the marketing aspect. Thus, the organisation structure responsible for evolving suitable strategies and carrying them out was by itself a constraint.

**Human Resources**

It is an acknowledged fact that the human resource is the basic factor in any organisation which synthesises other available scarce resources towards the accomplishment of its objectives. The weavers' cooperatives should have necessary human resources besides other inputs, so that they can plan, implement, monitor and evaluate their marketing programmes effectively. As discussed in Chapter 5, 28 per cent of PWCSs
had designers exclusively for product design/development. Only 68 per cent of PUCSs employed salesman and 16 per cent of PUCSs had no loom supervisor/appraisers for the quality control of in-process materials as well as appraising the finished goods before accepting them from weavers. Thus, majority of the Primary Weavers' Cooperatives did not have adequate technical manpower.

In the Cooptex, the authority system and span of control has been clearly spelt out by means of sound organisation chart and organisational manual. Further, it has also prepared 'standard practice instructions' which enable the employees to do things as they ought to be done. However, the Cooptex had not evolved systematic performance appraisal of its employees other than salesmen. The absence of a performance appraisal system was a real constraint in ascertaining the contribution of human resources to organisational goals.

**Production Skill of Weavers**

Handloom weaving being a traditional occupation, the varieties of fabrics manufactured in the handloom sector depend on the inherited skills and geographical specialisation. Therefore, weavers tend to resist "change" in the production of certain fabrics in which they lack
skill, although the fabrics have ready acceptance in the market."

Further, owing to poor economic condition, weavers are unable to bear the cost of 'change over', which includes the cost of 'peattu' * and such other accessories, and loss in wages he has to suffer during such change over from one design/variety to another and one item to another. Thus problems associated with human resources of the weavers' cooperatives is a drag on the marketing strategies.

**Obsolete Technology**

One of the most important factors that determines the adoption of marketing strategies by the Weavers' Cooperatives is the type of looms. Of the 3.28 lakh active looms in Tamilnadu, 72.65 per cent were pitlooms, 14.77 per cent throw shuttle pitlooms and 45.84 per cent flyshuttle-pitlooms. Only 12.04 per cent were flyahuttle-pitlooms with Jacquard/dobby boxes. The semi-automatic looms constituted only 0.25 per cent and the remaining was in the form of


* Design cards and design boxes.

** Jacquard/dobby box is a shedding device to be attached at the top of the loom. It is used to produce elaborate design/border design or 'buttas' in the fabrics.
ordinary frame looms either with or without jacquard/dobby boxes. " Thus majority of the looms used traditional and outmoded technology.

Another limitation of handloom is that it can produce only certain varieties of fabrics. Since provision of employment to weavers is the core objective of the cooperative, production of fabrics is to be carried on with the existing looms and later on "market" is to be found for the fabrics thus produced. This may be the reason why the weavers' cooperatives have to find 'market* for what has been produced instead of producing what can be marketed.

Raw Materials

The raw materials for handlooms are yarn made of cotton, art silk and synthetic fibres, dye-stuff, chemicals and zari (gold/silver fibres). These raw materials are supplied by the cooperative spinning mills through the Cooptex, government organisations/corporations, and also procured from the open market. But the primaries largely depend on private traders for the supply of raw materials. It is revealed that among the silk weaving societies as much as 78.79 per cent of their raw materials including dye-stuff

and chemicals were met by the open market.

Among the Primary Weavers' Cooperatives excluding the silk weaving societies, 2/17s count cotton yarn was the one which was on high demand. As given in table 8.01 on an average 40.35 per cent of 2/17s count cotton yarn requirements were met by the open market. Further, the share of the Cooptex (the cooperative spinning mills) in the distribution of this count of yarn, showed a declining trend at the rate of (-)28.99 per cent; whereas the share of the open market has registered a sharp increase between 1984-85 and 1987-88. To the extent, the weavers' cooperatives in Tamilnadu depend on the open market for their raw materials, they faced the problem of non-availability of yarn of required count/quality coupled with rise in raw materials price.*

Further, it is understood that the weavers' cooperatives have no scientific instruments at their disposal for accurate and objective assessment of yarn quality. As they simply depended on the yarn suppliers for correct count of

* Due to these, about 15000 weavers at Erode took out a procession and gave a memorandum, protesting against the abnormal increase in yarn prices, especially the low count yarns used by the Cooperatives. (See The Hindu, Madurai: Vol.I I I, No.36, Feb. 12, Friday, 1988. pp. 1-3.) Further, 185 weavers' cooperatives in Madurai organised one day hartal protesting against spiralling prices of yarn (See The Hindu, Madurai: Vol.111, No.37, Feb.6, 1988, p.1).
Table 8.01
Share of the Cooptex in the Distribution of 2/17s count yarn to PUCLSs
(Value in Rs.Lakh)

<table>
<thead>
<tr>
<th>Year</th>
<th>Share of the Cooptex</th>
<th>Share of the Open Market</th>
<th>Total consumption by PUCLSs</th>
</tr>
</thead>
<tbody>
<tr>
<td>1984-85</td>
<td>18477 (76.48)</td>
<td>5681 (23.52)</td>
<td>24158 (100)</td>
</tr>
<tr>
<td>1985-86</td>
<td>19646 (71.90)</td>
<td>7678 (28.10)</td>
<td>27324 (100)</td>
</tr>
<tr>
<td>1986-87</td>
<td>11160 (45.61)</td>
<td>13309 (54.39)</td>
<td>24469 (100)</td>
</tr>
<tr>
<td>1987-88</td>
<td>4698 (32.20)</td>
<td>9846 (67.70)</td>
<td>14544 (100)</td>
</tr>
</tbody>
</table>

Average: 13495.25 (59.65)  9128.50 (40.35)  22623.75 (100)

Compound Growth Rate: - 28.99%  + 14.74%  - 11.91%

Figures in parentheses indicate percentages to row total.
P.S. Data for the year 1988-89 were not available.

yarn of required quality, the weavers are unable to conform to the rigid quality norms. This was the major factor compelling the weavers' cooperatives to adopt 'loose product quality - tolerance limit' which resulted in quality variance in handloom fabrics.
Thus problems associated with the supply of yarn and other raw materials retard the efficiency of the weavers' cooperatives in adopting appropriate product-related strategies and conforming to quality standards.

Facilities for Production

In the process of conversion of hank yarn into finished fabrics, a number of processing activities are involved. They are grouped broadly as 'pre-looming' and 'post-looming' processing activities. It is understood that most of the pre-looming activities such as covering, sizing, warping, etc., which are necessary to create core as well as augmented features for the handloom fabrics were done by the weavers themselves or got done by local sources on payment. Due to variations in the skills of weavers and facilities available in this regard, quality of fabrics is bound to vary among the weavers' cooperatives. Further, one of the most important pre-looming activities that is undertaken to ensure colour fastness to fabrics is dyeing/bleaching of yarn. The Cooptex being the marketing organisation of all PUCSs in Tamilnadu found it difficult to assure 'colour fastness' of fabrics to consumers owing to the varying standards adopted by primaries in this respect.
Among the post-looming processing activities, sanforcing /mercerising and polymerising are very important and these activities are badly needed for polyester fabrics. These services were got done by outside sources, mostly from Tamilnadu Cooperative Textiles Processing Mills Ltd., at Erode. It is understood that most of the polyester weaving societies that were located in remote places faced problems due to high cost of transportation and non-availability of these services from other sources at reasonable cost.

Thus the Weavers' Cooperatives did not have "full control" over their production facilities and therefore they are unable to adopt suitable product and price strategies.

Marketing Finance

Every marketing strategy has cost implication. The Weavers' Cooperatives need adequate financial resources so that they can carry out their marketing programmes. As discussed in Chapter 4, both the Cooptex and the Primary Weavers' Cooperatives have weak capital base and depend on borrowed capital for their business. Further, as much as 40 per cent of PUCSs have been operating without profit during the period under review, and the Cooptex has also incurred financial loss in recent years. Their Return On Investment...
was very low. Thus they have neither strong owned capital base nor have they generated retained earnings.

Further, the weavers' cooperatives get their cash-in-flow only during seasonal days. On an average 45.29 per cent of total sales of the Cooptex have been effected on 'credit' (See table 6.09). Since 82.63 per cent of the credit sale occurred during seasonal days (Table 8.02), the Cooptex has to collect bulk of credit bills in 7 to 10 monthly installments. Among PUCSs, on an average 52.51 per cent of their indirect channel sales (See table 6.10) and 54.12 per-cent of their direct channel sales (See table 6.13) have been effected on credit and rebate scheme respectively. Normally it takes 3 to 6 months from the date of such sales for PUCSs to collect their credit bills (from the Cooptex) and to get reimbursement of the rebate claims from the Government.

Further, the accumulation of unsold stock has a bearing on the working capital. As most of the designs/pattern in handloom fabrics adopted in anticipation of the demand beoine obsolete, the capital gets locked up in the form of *

On an average the ROI of primary silk weaving society was 9.93 and it was 2.72 in the case of carpet/made-upa weaving primaries. The ROI was negative among mixed fabrics weaving societies (-3.59 during the period under review) and also in the Cooptex (-10.75 during the year 1988-89).
unsold stock. Besides losing the opportunity cost of the capital invested, the cost of carrying such stocks including value depreciation, cost of sales promotion etc., add to the financial burden of the handloom cooperatives, which is one of the impediments in the adoption of suitable marketing strategies.

Table 8.02
Credit Sale of the Cooptex- Seasonwise

<table>
<thead>
<tr>
<th>Years</th>
<th>Credit sales affected</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>during seasonal days</td>
<td>during non seasonal days</td>
<td>Total</td>
</tr>
<tr>
<td>1985-86</td>
<td>3747.96 (86.18)</td>
<td>600.96 (13.82)</td>
<td>4348.92 (100)</td>
</tr>
<tr>
<td>1986-87</td>
<td>3615.88 (87.96)</td>
<td>495.09 (12.04)</td>
<td>4110.97 (100)</td>
</tr>
<tr>
<td>1987-88</td>
<td>5331.21 (92.69)</td>
<td>420.47 (7.31)</td>
<td>5751.68 (100)</td>
</tr>
<tr>
<td>1988-89</td>
<td>3807.57 (84.66)</td>
<td>689.94 (15.34)</td>
<td>4497.51 (100)</td>
</tr>
<tr>
<td>1989-90</td>
<td>8596.83 (73.70)</td>
<td>3067.99 (26.30)</td>
<td>11664.82 (100)</td>
</tr>
<tr>
<td>Average</td>
<td>5019.89 (82.63)</td>
<td>1054.89 (17.37)</td>
<td>6074.78 (100)</td>
</tr>
</tbody>
</table>

Figures in parentheses indicate percentages to row total.
Knowledge of the Market(s)

The marketing concept holds that the organisation must find out what the customer wants and then try to develop a product that will satisfy the consumers and yield profitable sales volume.

As discussed in Chapter 5, the Cooptex has better understanding of its customers than the Primary Weavers' Cooperatives. The Cooptex gathered information about the market(s) through salesmen, participation in or organising exhibitions and design competitions and through member cooperatives. Nevertheless, they relied more on past sales analysis and sales force composite methods while measuring the market demand for their products. Thus they did not have any organised market information system for assessing the market. This is one of the most important reasons for the non-adoption of suitable marketing strategies by the weavers' cooperatives.

Competitive Conditions

In the handloom sector, though the cooperatives enjoy the market leadership, the weavers' cooperatives are not free from competition. Handloom fabrics face generic competitors, namely, the fabrics produced by textile mills, power-looms and khadl. Besides, the fraternal competition
from other state weavers' cooperative organisations as well as the Government agencies, private weavers, traders/merchants etc., add to the competitive market conditions. Thus, the weavers' cooperatives faced not only a large number of competitors, but the intensity of the competition has been growing.⁢¹ Owing to its internal limitations adumbrated already in this chapter, the handloom fabrics fail to withstand the onslaughts of competition. The escalating cost, inconsistent quality, outmoded design are the odds which retard the competitive ability of the handloom cooperatives. Furthermore, the textile trading in India is dominated by personalised market contacts. The weavers' cooperatives have a competitive disadvantage in this respect, since their distribution channels are largely institutional and impersonal. The marketing problems of the handloom cooperatives are compounded due to this factor. Thus due to the above constraints the weavers' cooperatives

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⁴ Peter Abell and Nicholas Mahoney, Small Scale Industrial Cooperatives in Developing Countries, Delhi: Oxford University Press, 1988, p.376.
found it difficult to adopt suitable competitive marketing strategies.

**Nature and Type of Market Demand**

As revealed in table 6.14, in terms of cost, the weavers' cooperatives have exhibited 'relative inelastic demand' for their fabrics. That means, a given change in the cost of marketing results in only a small change in the demand for handloom fabrics. Nevertheless, both the Cooptex and PUCSs excluding the mixed fabrics-weaving societies have increased their marketing cost. But the increment in their marketing cost did not result in either proportionate or more than proportionate increase in their sales volume.

With regard to the type of market demand, it is understood that handloom fabrics have irregular demand. In the Cooptex, as evident in table 8.03 on an average 78.19 per cent of its sales were registered within Tamilnadu and the remaining outside Tamilnadu. Of the total sales that was effected within and outside Tamilnadu, 77.62 per cent

*Irregular Demand is a state in which the current timing pattern of demand is marked seasonal or volatile fluctuations that depart from the time of pattern of supply.*
Table 8.03
Seasonal and Non seasonal sale of the Cooptex-Harket territory wise

(Rs.in lakh)

<table>
<thead>
<tr>
<th>Year</th>
<th>Seasonal days</th>
<th>Non seasonal days</th>
<th>Total (% of col.3)</th>
<th>Seasonal days</th>
<th>Non seasonal days</th>
<th>Total (% of col.6)</th>
<th>Excluding Export Trade</th>
</tr>
</thead>
<tbody>
<tr>
<td>1985-86</td>
<td>600.13</td>
<td>1437.74</td>
<td>7429.12</td>
<td>1744.12</td>
<td>1042.05</td>
<td>2756.17</td>
<td>10495.29</td>
</tr>
<tr>
<td></td>
<td>(60.57)</td>
<td>(19.32)</td>
<td>(72.97)</td>
<td>(65.23)</td>
<td>(26.72)</td>
<td>(27.02)</td>
<td>(100)</td>
</tr>
<tr>
<td>1986-87</td>
<td>580.51</td>
<td>1548.21</td>
<td>6926.72</td>
<td>1550.51</td>
<td>698.95</td>
<td>2449.46</td>
<td>9376.18</td>
</tr>
<tr>
<td></td>
<td>(77.68)</td>
<td>(22.32)</td>
<td>(73.86)</td>
<td>(65.20)</td>
<td>(39.70)</td>
<td>(26.12)</td>
<td>(100)</td>
</tr>
<tr>
<td>1987-88</td>
<td>7244.53</td>
<td>1254.66</td>
<td>8499.19</td>
<td>1300.34</td>
<td>611.71</td>
<td>1912.05</td>
<td>10411.24</td>
</tr>
<tr>
<td></td>
<td>(85.24)</td>
<td>(14.76)</td>
<td>(81.63)</td>
<td>(68.00)</td>
<td>(32.00)</td>
<td>(16.37)</td>
<td>(100)</td>
</tr>
<tr>
<td>1988-89</td>
<td>5982.68</td>
<td>1704.96</td>
<td>7657.61</td>
<td>1061.34</td>
<td>1571.39</td>
<td>2632.78</td>
<td>10320.59</td>
</tr>
<tr>
<td></td>
<td>(77.82)</td>
<td>(22.18)</td>
<td>(74.49)</td>
<td>(69.31)</td>
<td>(59.69)</td>
<td>(25.51)</td>
<td>(100)</td>
</tr>
<tr>
<td>1989-90</td>
<td>10365.28</td>
<td>4142.87</td>
<td>14508.11</td>
<td>738.65</td>
<td>837.83</td>
<td>2620.44</td>
<td>17328.55</td>
</tr>
<tr>
<td></td>
<td>(74.44)</td>
<td>(28.56)</td>
<td>(80.72)</td>
<td>(70.29)</td>
<td>(29.71)</td>
<td>(16.28)</td>
<td>(100)</td>
</tr>
<tr>
<td>Average</td>
<td>6994.92</td>
<td>2017.08</td>
<td>9012.01</td>
<td>1527.78</td>
<td>986.39</td>
<td>2514.17</td>
<td>11520.56</td>
</tr>
<tr>
<td></td>
<td>(77.62)</td>
<td>(22.38)</td>
<td>(78.19)</td>
<td>(60.77)</td>
<td>(39.23)</td>
<td>(21.81)</td>
<td>(100)</td>
</tr>
</tbody>
</table>

and 60.77 per cent respectively had been effected during seasonal days.

* Seasonal days which we mean, festival occasions like Ugadi, Pooja, Deepawali, X-Maa, Pongal and Handloom festival days during which the consumer price rebate of the Government is allowed.
Diagram 9

Seasonal and Non-seasonal Sale of the Cooptex

-seasonal Sales

Non-seasonal Sales
Similarly it is revealed (Table 6.13) that among PUCSs excluding the silk weaving societies 54.12 per cent of the direct sale (cash sales) had been effected through rebate scheme i.e., during seasonal days. Thus in the weavers' cooperatives, their fabrics were sold largely during seasonal days in a short span. Therefore, in anticipation of the seasonal demand, the weavers' cooperatives carry on their production/procurement operations and build adequate stock. Owing to inelastic supply conditions and unfavourable climatic factors during the festival occasions, large quantities of inventory have to be kept in anticipation of the seasonal demand. This kind of seasonal demand for handloom fabrics necessitates the weavers cooperatives to hold adequate capital not only to meet the cost of production operations but also the cost of carrying inventory, which has a telling effect on its financial resources.

Government Policy

Indian cooperative movement being the handmaid of the Government, its development largely depends on the government policy towards the cooperatives. With necessary policy support, during the five year plans, several programmes for the development of handlooms have been
implemented. Besides, it has extended financial and business participation in the cooperatives and has provided legislative and administrative support. So much so, the weavers' cooperatives lost their market orientation and have become a tool of the Government.

In certain cases like Janatha/Susman cloth scheme, the entire responsibility of marketing of these fabrics have fallen on the Cooptex. As these fabrics consist of coarse varieties which are mostly consumed by weaker sections, the scope of marketing these fabrics has narrowed and the stock in the Cooptex has accumulated. (See Appendix 2.03). Similarly the liquidity position of the primaries was affected due to perennial stock accumulation. The heavy lockup of capital in the idle stock virtually leads to the stoppage of production by primaries, leaving weavers unemployed.

Further, as the Janatha fabrics are to be sold at a price fixed by the government, the weavers' cooperatives are left with a very little margin which reduces their profit potentials. The fact that the sale of these varieties formed

The profit margin available to the Cooptex is 4 per cent and to the primaries 7 per cent.

* This fact was also substantiated by the Indian Express dated 24.4.1988.
53.48 percent of the sale of the Cooptex, has adversely affected its profit potentials. (See Appendix 2.04). As a result the profit margin earned through the sale of such fabrics was hardly sufficient to cover the marketing cost. This has led to "high mark up" ranging from 35 to 40 percent on silk and polyester varieties and 20 - 25 percent on cotton fabrics. Thus the Janatha scheme instead of augmenting the profitability of the weavers' cooperatives, have burdened them with heavy selling cost.

**Consumer Price-Rebate Scheme**

The Rebate Scheme, nevertheless, has helped in pushing up sales in the weavers' cooperatives. As revealed in table 6.11 on an average 83.09 percent of the sale in the Cooptex was effected through the rebate scheme. The advertisement expenditure was mostly incurred during festival seasons, which intensified the effect of advertisement during the rebate seasons. (See table 5.11). Among PWCSs excluding, the silk weaving societies on an average 54.12 percent of their cash sales were effected by rebate (See table 6.13). This means that all other marketing strategies of the weavers' cooperatives in general and the Cooptex in particular—revolved around the rebate scheme.
It is also observed that the rebate scheme played an important role in determining the channel cost effectiveness of the weavers' cooperatives. The cost effectiveness of the direct channel was greatly influenced by the rebate. If the rebate allowed to consumers is included as an element of the direct channel cost, the cost is pushed up to 41.18 per cent of the value of sale, while the same was only 29.80 per cent excluding the rebate (See Appendix 2.05 and 2.06).

The rebate scheme, therefore, assumes to be the single most important factor in determining the choice and effectiveness of marketing strategies adopted by weavers' cooperatives in general and channel choice and channel effectiveness in particular. Heavy dependence on this factor has rendered all other marketing strategies ineffective, particularly during non-rebate days. The capacity of the weavers' cooperatives to deal with market factors is seriously eroded and they are increasingly finding it difficult to bend the market demand to their advantage by adopting marketing strategies during non-rebate days.

Conclusion

The factors discussed so far either represent the inherent limitations of the weavers' cooperatives or their inability to evolve an independent and viable marketing
strategy. Besides, as these factors individually and severally influence the weavers' cooperatives, it may not be possible to pin-point the factors that affect the adoption of a particular marketing strategy. However, effective adjustment in relation to uncontrollables (the environment) was possible only when the weavers' cooperatives have effective and full control over their internal elements of the marketing strategy. This calls for a more integrated marketing strategy - functional as well as structural. Until then, any attempt to accomplish their avowed objectives of providing continuous employment to weavers and generating profitable sales volume will prove to be a myth.