CHAPTER 2

DESIGN OF THE STUDY

Introduction

Handloom weaving is an age old industry, out of which millions of people eke their livelihood in India. Yet the weavers have been proverbially backward owing to unemployment and poverty. In order to overcome these twin problems, weavers have been brought into the cooperative fold. Tamilnadu has been a traditional home for weaving industry, with a large concentration of weavers population. Tamilnadu accounts for 10.71 per cent of the weavers in the country and 12.67 per cent of handloom fabrics production.¹ Perforce, the cooperative infrastructure for handloom industry is fairly well developed in Tamilnadu. There are 1677 Primary Handloom Weavers' Cooperative Societies (PWCSs)² in Tamilnadu and they have been affiliated to a state level federation, namely, Tamilnadu State Handloom Weavers' Cooperative Society (Cooptex).


*Cooptex is the brand name adopted by the Tamilnadu State Handloom Weavers' Cooperative Society, which quite often denotes the organisation itself.
The cooptex supplies yarn and other inputs to PUCSa and procures the finished goods and undertakes extensive marketing of handloom textiles. PUCSs produce more than two thirds of handloom textiles in Tamilnadu and perform marketing functions to a limited extent. The apex organisation, namely, the Cooptex in Tamilnadu has been doing a commendable job in the field of marketing and promotion. The production and marketing of handlooms by cooperatives have shown an appreciable increase in recent times. From a mere Rs.488.12 lakh in 1954–55, the sale of handloom fabrics has increased to Rs.24,388 lakh in 1989–90. Despite the impressive growth, handloom cooperatives are beset with several problems.

The weavers' cooperatives do not plan their production programme, taking into consideration the consumer tastes, preferences and market conditions. They often produce "what can be produced" by them, instead of producing "what can be marketed." Failure to adopt a consumer oriented strategy has resulted in serious problems like piling up of huge stock every year, inability to meet the competition, increased

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cost of marketing, dependence on government for financial support, and the like. These problems have created an impasse in the working of handloom weavers' cooperatives and their very survival itself is a question mark.

The key to the solution of the above problems of handloom weavers' cooperatives lies in adoption of appropriate marketing strategies. This calls for a thorough understanding of several related issues: What is the nature and status of the marketing functions of handloom cooperatives in Tamilnadu? To what extent they adopt marketing management strategies? And with what effect? What are the channels of distribution adopted by them? Which channel of distribution is effective? What are the problems encountered by weavers' cooperatives in the adoption of marketing management strategies? These and allied questions call for a thorough study and in-depth analysis. Hence the study.

Review of Previous Studies

Research on marketing management is of recent phenomenon. Marketing management in handloom sector has received very little attention and much less the marketing research. Only a very few studies have been made in this area which are reviewed hereunder.
The Government of India have appointed several committees to look into the problems of Handloom Industry in India. They have outlined policies to be adopted and suggested measures for the development of Handloom Industry. They have analysed the existing organisational and structural aspects of the handloom industry as well as operational problems regarding inputs, production system, marketing, export potentials etc. The findings as well as the recommendations of these committees have far reaching implications for the development of this sector.

Srikantaiah, G. et. al., (1978): Their study aimed at analysing the cost of production, quality of fabrics, and methods and equipments used for production by both handlooms and power-loom under private sector as well as cooperatives.


The authors surveyed 21 handloom centres located in four-southern states including Tamilnadu. The study attempted to measure the effect of improved yarn quality on the working of looms and cost of handloom fabrics by adopting controlled and non-controlled experiments. Measures for increasing productivity, cost control and diversification of products by handloom industry were also recommended.

Veeranna, Basavatappa, (1979): His study aimed at analysing the causes for distressing effects of the handloom industry in Bijapur district in Karnataka State. By adopting random sampling technique, four urban and four rural handloom centres were selected for the study. The study identified that serious organisational deficiency, use of old and obsolete equipments and tools, traditional design and colour combination were the major causes for distressing features in handloom industry. The study also revealed that the average idle capacity of a unit was 35 per cent in rural centres and 30 per cent in urban centres. More than 70 per cent of the Weavers' Cooperative Societies were dormant and only 15 per cent of looms were covered by cooperatives.

Arulanandam, M.A., (1979): His study aimed at assessing the immediate problems of handloom industry in Tamilnadu. By adopting stratified random sampling, a sample of 461 weavers located in selected major weaving centres in Tamilnadu was included for interview and data collection. This study was a general survey, and highlighted the problems faced by weavers and their cooperatives in respect of the availability of production raw materials and other inputs, production technology, sale of fabrics etc.

Ravinder Vinayak, (1986): The author examined major marketing problems and the development of marketing practices adopted by handloom manufacturers and dealers. He surveyed 16 proprietary concerns, 70 partnership concerns and 14 cooperative societies located in Panipat city of Haryana State. Besides, 25 Handloom dealers and yarn suppliers were interviewed.

The major findings of the study are: (i) as much as 27 per cent of the units were manufacturing exclusively for export purposes; (ii) majority of the manufacturers adopted


popular design already in vogue; (iii) as much as 96 percent of the respondents practised variable price policy. Cost plus basis was the most popular method of price determination; (iv) a high degree of competition was observed in the market and quality played a less important role than the price factor; and (v) most of the handloom units made use of dual distribution channel, namely, direct and indirect channels.

Seetharaman A., (1987): The study focused marketing practices adopted by the Cooptex in relation to the environment. Besides 250 consumers located in twenty different market territories of the cooptex were interviewed through mailed questionnaires. Both primary and secondary data were considered for the study.

The study revealed that: (i) exclusive statutory reservation of certain items of products for handloom sector did not yield any results and the per capita consumption of major items of textiles was generally more in urban areas than rural areas; (ii) cotton fabrics continued to be an important product in terms of design, colour, texture, etc.; (iii) product strategies were not effective, the

existing product mix was found to be imbalanced and the technology was obsolete; and (iv) the cash flow of the cooptex was very high during festival period. Inventory turnover was very low in view of the advance building up of inventory before festival periods. The study concluded that the cooptex needed optimisation plan for production, marketing and finance.

Shanmugasundaram S., (1987): The objective of his study was to analyse nature and extent of utilisation of weavers' cooperatives by members, and the influence of personal and socio-economic factors on the utilisation behaviour of members in Coimbatore district, Tamilnadu. 34 Primary Weavers' Societies were selected by adopting multistage random sampling method. The study covered 225 active members, 62 directors and 68 inactive members. Primary and secondary data were considered. Multiple regression analysis was employed to explain the extent of influence of independent variables on the dependent variables.

The study revealed that: (i) the directors of weavers' cooperatives utilised their society more than the ordinary members while members using high counts of yarn utilised the

society more than those using low counts of yarn; (ii) the level of utilisation was higher among male members belonging to urban areas, and those belonging to hereditary weaving castes and old age group and members of large families. Formal education, ownership of looms, absence of income from any other sources, knowledge of cooperation and member satisfaction influenced the degree of utilisation significantly.

Renukarya, C.K. and Niranjan Raj Urs, B., (1988):" The authors made an analysis of factors affecting production of cotton handloom weavers' societies. Multi regression model was employed. Secondary data for a ten year period from 1975-76 to 1984-85 were considered.

The following conclusions were made from the study: (1) there was positive relationship between supply of raw materials and production of handloom fabrics; and (ii) the cooperative structure had a very little control over the production of fabrics as well as the price of raw materials. The study concluded that the government should ensure adequate supply of raw materials at reasonable prices.

Report of the Sub-Group on Handlooms (1989): The Sub Group made a critical appraisal of the policies and programmes in respect of the handloom sector. It suggested a few marketing strategies to be adopted by both primary and apex level weavers' cooperatives in order to increase their market share in the domestic as well as foreign markets. Further, It has also made a suggestion for the creation of Market Development Assistance (MDA) Fund both at the central and state level for the purpose of developing marketing and promotional activities by weavers' cooperatives.

Subburaj. B., (1990): The author analysed the sales performance of the Madurai Regional Office of the Cooptex. Secondary data were considered for the study. The prominent findings were: (i) 92.28 per cent of sales was effected only during festival days mainly by credit sale; (ii) the highest proportion of sale was accounted by cotton and art silk fabrics followed by polyester and Janatha varieties, only 55.2 per cent of them were "fast moving' items and 30 per cent were non-moving varieties.


The above review reveals that most of the studies attempted to focus one or the other aspect of marketing functions and no comprehensive study on marketing mix strategies of handloom weavers' cooperatives has been made so far. The present study, namely, 'Marketing Strategies of Handloom Weavers' Cooperatives in Tamilnadu' aims at filling in this research gap.

Scope of the Study

The study has been undertaken with the principal objective of understanding the nature and extent of adoption of modern marketing concepts with reference to strategies on product, price, distribution and promotion in the handloom weavers' cooperatives in Tamilnadu. The Primary Handloom Weavers' Cooperative Societies (PUCSs) are essentially producers' organizations. Their very survival will be at stake if their finished products do not find a ready market. The Cooptex was mainly organised to solve the marketing problems of PUCSs. If they do not succeed in their business especially on selling the finished products immediately after production by adopting suitable strategies, they cannot accomplish the purpose for which they are established. Their continued existence, growth and service, depend largely on sound marketing management. In
other-words, the success of the Cooptex and PUCSs depend largely on the adoption of appropriate marketing strategies in consonance with their marketing environment. Thus, the scope of the study extends to all the four elements of marketing mix strategies, both at the level of the Cooptex and PUCSs.

**Objectives**

The objectives of the study are:

1. To analyse the nature and extent of adoption of marketing strategies by Primary Handloom Weavers' Cooperative Societies and the State Handloom Society,

2. To assess the effects of adoption of marketing strategies on the sales performance of the selected societies,

3. To assess the effectiveness of marketing channels adopted by selected societies,

4. To identify problems in the effective adoption of appropriate marketing strategies, and

5. To offer suggestions for improving their marketing efficiency.
Definition of Concepts

Marketing Strategy. The term marketing strategy refers to a set of marketing logistics evolved partly independently and partly in response to changing environmental and competitive conditions, by which the selected cooperative societies hope to achieve their marketing objectives. Marketing strategy consists of specific strategies on controllable variables of the four marketing elements which include Product, Price, Distribution and Promotion Mix of the selected weavers' cooperatives.

Target Markets. This term denotes a well defined set of customers whose need the cooperative society seeks to satisfy. This includes segmentation of markets and development of appropriate marketing mix tailored to each segment of the market.

Distribution Channel Effectiveness. Effectiveness is a measure of success an organisation is able to achieve in accomplishing its goals. For the purpose of the study, the effectiveness of distribution channel is measured in terms of channel performance and channel cost effectiveness. Channel performance is construed as growth in sales volume over years and its contribution to sales. Channel cost
effectiveness is measured in terms of percentage of channel cost to sales.

Methodology

This study has been designed as an empirical analysis, and as such field survey method was adopted. Data were collected from the records of the selected cooperative societies and through personal interview with the executives of the concerned societies.

Sampling. The sample for this study includes the Tamilnadu State Cooperative Handloom Weavers' Society (Cooptex) and 50 Primary Handloom Weavers' Cooperative societies.

Selection of Primary Handloom Weavers' Cooperative Societies. Two-Stage sampling was adopted in the process of selecting the sample units.

Selection of Districts. In Tamilnadu, Handloom weaving is mainly concentrated in the districts of Madurai, Kamarajar, Kanlyakumari, Dindigul Anna, Coimbatore, Periyar, Salem, Trichy, North Arcot and Chenglepet. Each of the districts has specialized in the production of a particular variety of handloom fabrics. The above districts were grouped into five categories based on the product
specialization. One district was selected from each of the five categories on random basis (See table 2.01).

Selection of Primary Handloom Weavers' Cooperative Societies. A sample of fifty Primary Weavers' Cooperatives was selected from among the societies in these five districts by adopting Stratified Fixed Number Random Sampling. Stratification was necessary to give representation to all types of societies in the sample. At the same time proportionality was not considered necessary, as the study mainly concentrated on strategies adopted by weavers' cooperatives. The locational details of the selected Primary Weavers' Cooperatives are given in the Appendix III.

Reference Period

The study covers a period of five years from 1984-85 to 1988-89.

Table 2.01

<table>
<thead>
<tr>
<th>Name of the District</th>
<th>Specialisation in products item and variety</th>
<th>Name of the District selected for the study</th>
<th>Number of PMCSs in the selected District</th>
<th>Number of PMCSs selected for the study</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chenglepet, North Arcot and Thanjore</td>
<td>Silk: Sarees, Pothis, Angavastram, Pavadai pieces</td>
<td>Chenglepet</td>
<td>119</td>
<td>10</td>
</tr>
<tr>
<td>Periyar and Trichy</td>
<td>Cotton: Bedsheets, Towels, Made-ups and carpet</td>
<td>Periyar</td>
<td>174</td>
<td>10</td>
</tr>
<tr>
<td>Dindigul Anna</td>
<td>Art Silk and Cotton: Sarees, Nathies and Towels</td>
<td>Dindigul Anna</td>
<td>51</td>
<td>10</td>
</tr>
<tr>
<td>Madurai, Coimbatore, Salem, Namakal and Tirunelveli</td>
<td>Cotton and Polyester: Shirtings, Suitings and Sarees</td>
<td>Namakal</td>
<td>186</td>
<td>10</td>
</tr>
<tr>
<td>Dharmapuri, Kanyakumari and South Arcot</td>
<td>Cotton: Motly and Drill, double fold dhollies, Erali towel</td>
<td>Kanyakumari</td>
<td>74</td>
<td>10</td>
</tr>
</tbody>
</table>

Toole for Data Collection

Keeping in view the objectives of the study, two schedules were drafted: one for the State Handloom Weavers' Cooperative Society and another for the Primary Weavers' Cooperative Societies. The schedules were finalised after pretest.

Roth schedules aimed at seeking, data on membership and looms coverage, organisational structure, capital structure, procurement of raw materials, production and sale of finished goods, details on product design and development, product featuring and product line strategies, pricing strategies, promotion strategies and such other details on distribution strategies and channel management.

Sources of Data

Primary Handloom Weavers' Cooperative Societies. The data pertaining to constitution and functions were gathered from the by law of the society. Details on operational and financial aspects were collected from annual reports, audited financial statements and other related records. Particulars relating to procurement of materials and production of fabrics were collected from relevant registers. Data on sale of fabrics, costing details and age wise stock of finished goods were collected from sales
ledgers and stock registers. Expenses incurred on product design and development, selling cost and other cost items were gathered from the audited annual reports, financial statements and concerned ledgers. This apart, special officers, managers, salesmen etc., were interviewed to gather information on various issues connected with the study.

**State Handloom Weavers' Cooperative Society.** The data on constitution, management and functions were gathered from the bylaw and annual reports. Membership, looms coverage, procurement of yarn and other raw materials, and supplying the same to the Primary Weavers' Cooperative Societies and such other details were obtained from Raw Materials-Procurement section of the Cooptex. Details on procurement of finished products were collected from the Procurement section. Data on product design and development and product strategies adopted by the Cooptex were collected from the Product Development section. Particulars on sales made to the Government and other state cooperative apex institutions, and methods and channels of sale were gathered from the Marketing section of the Cooptex. Particulars on costings of fabrics were collected from the Costing section of the Cooptex. Data on sources of finance, capital
structure and such other related matters were obtained from the Financial section. Data pertaining to organizational structure and staffing pattern and sales force were obtained from the Personnel and Training section.

Data on the expenditure incurred on product design and development, product featuring, administration of retail outlets, and such other items constituting Marketing Variable Costs of the Cooptex were obtained from the Internal Audit and Computer section. Details regarding export of handloom fabrics and organisation and administrative expenses incurred thereto were collected from the Export section of the Cooptex. This apart, the General Manger, the Marketing Managers and Section superintendents were interviewed to gather information on various issues connected with the study. Data from the reports of the Directorate of Handlooms and Textiles, Tamilnadu were also used to supplement the data collected from the Cooptex as well as Primary Heavers' Cooperative Societies.

Limitations in Data Collection

In many of the sample PUCSs, data on order-based and non-order-based production of fabrics, number of product Items deleted or added were not available. Further, with regard to sales, data on exhibition sale, clearance sale,
rebate sale, direct and indirect channel sales were not maintained. Data on cost of product, promotion and distribution strategies were also not maintained.

Regarding the Cooptex, data on itemwise sale of fabrics as well as stock level in the showrooms were not available. Further, data on commission and other incentives paid exclusively to salesmen and number of temporary salesmen employed, and the cost associated with it were also not available.

Inspite of these limitations, the investigator has been able to give a true and fair picture on the working of the Weavers' Cooperatives including the Cooptex and the various aspects covered by the study.

**Plan of Analysis**

The completed schedules of all the fifty Primary Weavers Cooperative Societies and the Cooptex were carefully checked, transcribed and tabulated. In the analysis, suitable statistical techniques like ratios, percentages and averages were used. Compound Growth Rate was also computed wherever necessary. To explain the relationship between a few marketing strategies and sales, correlation analysis was used. For analysing the Impact of marketing strategies on sales, the contribution of each
strategy in the context of overall sales performance of the sample societies was examined.

Chapter Scheme

The present study comprises nine chapters. The Third Chapter presents an overview of Handloom Weaving Industry, the historical perspective, various policies and programmes of the Government during Five Year Plans, and progress and performance of cooperatives both in India and Tamilnadu.

The profile of the sample weavers' cooperative societies including the Cooptex with reference to constitution and management, capital structure, production and sale of handloom fabrics is presented in the Fourth Chapter. This serves as a backdrop for the analysis of the objectives of the study.

An assessment of marketing functions with reference to strategies adopted by the Handloom Weavers' Cooperatives, with reference to product, price, promotion and distribution is made in the Fifth Chapter.

The impact of various marketing strategies pertaining to product, price, promotion and distribution on the sales
performance of sample societies are analysed in the Sixth Chapter.

The Seventh Chapter presents the channel cost and channel sales performance and seeks to assess the effectiveness of channels of distribution of weavers' cooperatives.

The Eighth Chapter deals with the important problems confronted by the PWCSs and the Cooptex in the adoption of suitable marketing strategies.

In the Ninth Chapter, a summary of findings and suggestions are presented.