CHAPTER SEVEN

EXPORT MARKETING OF HANDICRAFT PRODUCTS

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EXPORT MARKETING OF HANDICRAFT PRODUCTS

7.1. The Industry

The most important industries in Bangladesh in early and medieval times comprised of handicrafts and cottage industries, and prominent amongst them were textile, metal works, jewellery particularly silver, wood works, cane and bamboo works and clay and pottery. Later jute and leather which were among the major available raw materials in the country were utilized to produce handicrafts followed by household production of toys. [Anwar, 1988].

The traditional crafts of Bangladesh have been a focal point of interest for visitors from abroad for centuries. The rural-based infrastructure has made it a potential ground for the development of numerous items crafted out of wood, jute, cane, bamboo, grass, straw, clay and other indigenous raw materials. The items produced by early craftsmen were not only singularly beautiful, but also representative of the culture, tradition and customs of the country. With passage of time, however, new and modern styles and designs have been adapted and this has paved the way for a unique blend of the old and the new. [EPB, 1996].

Early records tell us of the "Gangetic muslins" which reached Roman and Greek empires; Chinese and Arab travellers also took note of the fine cottons and silks produced in Bengal. Since the 16th century, fine handwoven textiles as well as superior crafts of ivory, silver and metal from the Subah of Bengal were prized possessions at the Court of the Great Mughals. [Hossain, 1987]. Mughal Kings patronised the arts and crafts and commissioned the whole community of artists for making items of decoration for their use and for the purpose of presentation [Shah, 1992]. During early Mughal period, encouragement of craftsmanship were augmented by the patronage of their mobility, due to the prevalent antiquette of making rare and typical presents to the Imperial Courts at Delhi. The local consumption by the rulers and the elite also promoted development of handicrafts. Artisans played the most important
part in creation of handicrafts. The artisans worked chiefly for those who they knew gave a unique personal touch of intimacy to their work [Anwar, 1988].

History witnesses that among all the faculties of traditional heritage Bangladesh was affluent in handicrafts from time immemorial. This significant scale of development was possible due to unique combination of locally available raw materials. Not only our handicraft products were popular at home and abroad, but also a conspicuous magnitude of the national income was generated from this sector [Rahman, undated].

Besides contributing to the foreign exchange earnings of the country, generating employment opportunities, creating the opportunity to utilise indigenous natural resources and providing various forward and backward linkages to the economy, the export of handicraft products plays a vital role of sustaining the cultural heritage of the country for the future generation and disseminating it to the global community. 'Handicrafts' emanating from "the works of painters, sculptors and craft workers who have little or no training as artists .... who create their works for other people rather than museums of wealthy collectors" portrays the cultural heritage of the country. Catering to the needs of the common people, as they originate, through the patronage of the rich and the affluent over time they acquire the dignity of a craft. And through the efforts of generations of craftsmen they fetch the global fame and glory for the country as did the Muslin of Bengal which was once the symbol of aristocracy around the World [Mahmood & Rahman, 1994].

7.2 Role of Handicrafts in Economy

The economic potential of handicrafts production is demonstrated in the increasing alienation between man and machine, wherein man is actively seeking to enliven his often dull and stereotyped environment by surrounding himself with objects of beauty. Part evidence for this phenomenon is reflected in an increasing share in world trade of 'traditional and small-scale culture goods'. For example, Ho and Huddle [1976] found that these goods in international trade have an income elasticity of well over one, and that this high income elasticity is correlated with high labour
content. Findings like the above are encouraging for developing countries that are seeking to productively employ large numbers of skilled and semi-skilled craftsmen. A significant fraction of this labour force often caters to the export sector since many of the products made are 'rich man's goods' [Kathuria, 1986].

The members of the craftsman family or cooperatives are employed in the handicrafts production unit at cottage level. The family labours and a few hired labourers (skilled or semi-skilled) are paid their wages on daily basis. Most of the labourers are employed on wholetime or part time basis.

It is generally accepted that the contribution of the handicraft sector to employment is substantial. The handicraft sector is an important tool for creation of employment opportunity, specially in the rural areas. Craft production is often labour intensive. One study covering seven countries in Asia [Pye, 1988] estimated that 4 million people worked full-time on craft production, with another million working part-time. Figures for China, Hong Kong, the Republic of Korea and Taiwan would raise the total for those fully employed in the sector to over 20 million. [ITC/UNCTAD, 1991]. Other estimates of craft employment in various countries are shown in Table 7.1.

Table 7.1: Craft Employment to the Handicrafts Sector in Various Countries

<table>
<thead>
<tr>
<th>Country</th>
<th>Number Employed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Afghanistan</td>
<td>450</td>
</tr>
<tr>
<td>Bangladesh</td>
<td>2000</td>
</tr>
<tr>
<td>Colombia</td>
<td>4000</td>
</tr>
<tr>
<td>India</td>
<td>3500</td>
</tr>
<tr>
<td>Malaysia</td>
<td>123</td>
</tr>
<tr>
<td>Nepal</td>
<td>1215</td>
</tr>
<tr>
<td>Philippines</td>
<td>700</td>
</tr>
<tr>
<td>Sri Lanka</td>
<td>177</td>
</tr>
<tr>
<td>Thailand</td>
<td>70</td>
</tr>
<tr>
<td>Viet Nam</td>
<td>2000</td>
</tr>
</tbody>
</table>

The most recent national survey on handicraft and cottage industries in Bangladesh was undertaken by Bangladesh Small and Cottage Industries Corporation (BSCIC) in 1991 and published in 1994. The survey found that 1.3 million people were employed in handicraft and cottage industries. Over three quarters of it are employed in three industries - food preparation, textiles/leather, and wood/cane/bamboo. These were followed in importance by metal work and pottery. Including minor crafts, a total of 940,000 were employed in craft industries.

Export of handicrafts plays a vital role in the economy of Bangladesh. It is a non-traditional sector with a huge potential for export. Bangladesh being a developing country finds tough competition for her exports of finished goods in the manufacturing sector. But making of handicrafts is endowed with the culture, heritage, habit and above all the heart of the maker. Bangladesh is a country whose cultural heritage dates back to more than thousand years and the influence of three distinctly different religions is not to be ignored. The craftsmen of the country have excellent adoptability and innovation.

Bangladesh provides a rich panorama of a living folk tradition. The traditional craftsmen have been carrying out their family trades for centuries. The handicraft industry thrives on cheap labour in which Bangladesh has an edge over other countries. Villagers are making baskets according to traditional methods. The design, measurement, quality etc. which producers follow, have been developed by the private exporters to cater the taste and demand of the overseas markets [Khan, 1992].

7.3 Handicrafts: Definition and Popular Perception

There have been several attempts to define the term "handicrafts". No universally acceptable definition has been found and this is not surprising, considering not only the many variables involved but also the diverse purposes for which such definitions are sought [ITC/UNCTAD, 1991].
In one categorization, handicrafts are defined as small manufacturing units, mostly in rural areas, operated by the owners themselves with the assistance of family members and a maximum of 10 paid workers, making products with or without the use of tools or simple instruments operated mainly by hand or foot.

Many developed countries give a preferential treatment to handicrafts on the basis of the definition that they use.

Under the measures applied by Australia and Canada, products must meet special requirements. These requirements refer to materials used (the use of machine-made or of non-traditional or "modern" raw materials is generally not permitted), and to processes performed in the manufacture (the use of electric power is acceptable only under very restrictive conditions). The products must also possess certain artistic, traditional or decorative characteristic of the country or region of manufacture [UNCTAD, 1985].

For Austria, the major part of the product must be hand-made. The use of machine-made raw material is not generally excluded. The use of electric energy is not permitted. The European Economic Community does not apply any specific definition of hand-made products [UNCTAD, 1985].

The United Nations Conference on Trade and Development (UNCTAD) adopted the following definition of hand-made goods in 1969:

... the term 'hand-made' articles should be taken to cover those produced with or without the use of tools, simple instruments or implements operated directly by the craftsmen mainly by hand or foot. Within the group of hand-made goods, some handicraft products often have additional identifying features such as:

--Traditional or artistic features deriving from the region or country of production; and

--Production by craftsmen, working generally on a cottage industry basis.

Some goods may be produced partly by machine and partly by hand (for example, a dress made up by hand of machine-made cloth, perhaps with additional
hand embroidery or other decoration). The group considered that in such cases a product should be regarded as hand-made or handicraft if the essential character of the product in its finished form is derived from the hand-made aspect of its production [Kathuria, 1986].

Perhaps the most predominant feature of handicrafts is the extensive use they make of individual skills. It is these skills, artistic and traditional, which make handicraft products unique and distinctive.

It is also essential to understand how consumers view handicrafts. Awareness of a customer's perception of handicrafts is a prerequisite for developing effective marketing strategies. The following statement can be offered as a customer-oriented definition:

Handicrafts are artistic, creative expressions of a group of people with unique arts and skills who apply their talents to the production of material goods which reflect their culture and heritage [ITC/UNCTAD, 1991].

The definition implies, first that probably the most important characteristic of handicrafts is their association with an individual artisan or a group of people possessing unique skills. This association distinguishes handicrafts from mass-produced products. Second, a handicraft item gains value in the customer's mind to the extent that it symbolizes a culture or heritage.

Handicrafts are popularly perceived mainly as ethnic products with little utilitarian value. They are categorized as curios, tourist souvenirs or as items of artistic interest, but seldom as items of daily use. When handicrafts are marketed as items with functional uses, fitting into people's life-style--at home, at work, at leisure etc. their narrow restricted image immediately disappears. While attention has frequently been given to the development of specific handicrafts in local areas, an integrated approach has generally not been attempted in many developing countries. The reason is the implicit assumption that the sector's potential for growth is limited [Chowdhury, 1995].
In the past two decades or so, many developing countries placed heavy emphasis on strengthening production capacities in the industrial sector. While cottage industries also received some attention, they were generally not perceived to have substantial export potential. The output of these industries was generally conceived to be of low quality and attractive only to a highly localized segment of the domestic market and to tourists.

However, certain developing countries, particularly in Asia and Latin America, have developed a significant export trade in handicrafts and have made enormous gains in terms of export earnings.

### 7.4 Review of Export Performance of Handicraft Products

Bangladesh handicrafts industry is doing an excellent job in exporting products and earning foreign exchange for the country. In export markets, Bangladesh handicraft products are becoming popular because of their unique artistic nature and craftsmanship. Bangladesh has given a good account in establishing its credibility abroad by achieving in current years the commanding heights of export starting at the bottom of the ladder with US $ 0.039 million in 1972-73, handicraft exports aggregated to US $ 6.41 million in 1995-96

#### 7.4.1 Level and Trends of Handicraft Exports

Table 7.2 clearly demonstrates that the export earnings from the handicraft products increased quite steadily during the past decades. From about US $ 3.45 million worth of exports back in 1980-81, total earnings from the sector rose to US $ 6.41 million during the fiscal year 1995-96. And such a spectacular increase in export earnings from the sector has been most steady, and the rate of growth one of the highest. For instance, during the last 16 years export earnings from handicraft products grew by more than thousand times. Even during the period 1985-86 to 1991-92 export earnings from the sector grew at the rate of 79.70 per cent per annum. The export earnings increased tremendously during the year of 1989-90 amounted to US $ 5.18 million. 1991-92 fiscal year is considered to be the 'Golden Year'
for Bangladesh, because the export earnings from handicrafts stood at US $ 8.72 million which was the highest amount ever since the export of handicraft was introduced.

Table 7.2: Exports of Handicraft Products and Total Export
1980-81 to 1995-96

<table>
<thead>
<tr>
<th>Year(s)</th>
<th>Value of Exports of Handicraft Products (Million US $)</th>
<th>Annual Growth Rate (Percentage Change in Exports over Previous year)</th>
<th>Index Number of Exports Earnings (1980-81 =100)</th>
<th>Country's Total Export (Million US $)</th>
<th>Percentage Share of Handicraft Products in Total Export</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980-81</td>
<td>3.45</td>
<td>2.37</td>
<td>100</td>
<td>709.85</td>
<td>0.49</td>
</tr>
<tr>
<td>1981-82</td>
<td>2.86</td>
<td>(-)17.10</td>
<td>82.90</td>
<td>625.89</td>
<td>0.46</td>
</tr>
<tr>
<td>1982-83</td>
<td>2.48</td>
<td>(-)13.29</td>
<td>71.88</td>
<td>686.60</td>
<td>0.36</td>
</tr>
<tr>
<td>1983-84</td>
<td>2.38</td>
<td>(-)4.03</td>
<td>68.99</td>
<td>811.00</td>
<td>0.29</td>
</tr>
<tr>
<td>1984-85</td>
<td>1.91</td>
<td>(-)19.75</td>
<td>55.36</td>
<td>934.43</td>
<td>0.20</td>
</tr>
<tr>
<td>1985-86</td>
<td>1.93</td>
<td>1.05</td>
<td>55.94</td>
<td>819.21</td>
<td>0.24</td>
</tr>
<tr>
<td>1986-87</td>
<td>3.99</td>
<td>106.74</td>
<td>115.65</td>
<td>1073.77</td>
<td>0.37</td>
</tr>
<tr>
<td>1987-88</td>
<td>3.76</td>
<td>(-)5.76</td>
<td>108.99</td>
<td>1231.20</td>
<td>0.31</td>
</tr>
<tr>
<td>1988-89</td>
<td>3.93</td>
<td>4.52</td>
<td>113.91</td>
<td>1291.56</td>
<td>0.30</td>
</tr>
<tr>
<td>1989-90</td>
<td>5.18</td>
<td>31.81</td>
<td>150.14</td>
<td>1523.71</td>
<td>0.34</td>
</tr>
<tr>
<td>1990-91</td>
<td>5.19</td>
<td>0.19</td>
<td>150.43</td>
<td>1717.55</td>
<td>0.30</td>
</tr>
<tr>
<td>1991-92</td>
<td>8.72</td>
<td>68.02</td>
<td>252.75</td>
<td>1993.92</td>
<td>0.44</td>
</tr>
<tr>
<td>1992-93</td>
<td>5.43</td>
<td>(-)37.73</td>
<td>157.39</td>
<td>2382.89</td>
<td>0.23</td>
</tr>
<tr>
<td>1993-94</td>
<td>7.33</td>
<td>34.99</td>
<td>212.46</td>
<td>2533.90</td>
<td>0.29</td>
</tr>
<tr>
<td>1994-95</td>
<td>6.46</td>
<td>(-)11.87</td>
<td>187.25</td>
<td>3472.57</td>
<td>0.19</td>
</tr>
<tr>
<td>1995-96</td>
<td>6.41</td>
<td>(-)0.77</td>
<td>185.80</td>
<td>3882.42</td>
<td>0.17</td>
</tr>
</tbody>
</table>

Source: Export from Bangladesh 1972-73 to 1995-96, EPB.

Analysis of export performance of handicraft products during the period under review indicates that the export value of handicrafts increased almost 5 times. The value of exports of handicraft products was estimated to be US $ 3.45 million in 1980-81 and the same increased to US $ 6.41 million in 1995-96. This is indicative of an impressive performance in export value.
During the period under review annual compound growth rate of handicraft exports was 8.18 per cent. The growth rate of export measured by applying the method of exponential curve. The trend equation computed on the basis of data for the study period may be stated as under:

\[
\ln(\text{HAND}) = -161.23 + 0.08t
\]

\[R^2 = 0.675\]
\[\bar{R}^2 = 0.652\]
\[t\text{-value} = 5.402\]
\[F\text{-value} = 29.180\]
\[D.W. \text{ Statistics} = 1.203\]

F-test and t-test have been applied to test the significance of the growth rate, which was found to be significant at .001 level. Observed \(t = 5.402\) and co-efficient of determination \(R^2 = 0.675\), revealed that there is a significant increase in annual export earnings over time. \(D.W. = 1.203\) reveals that the test is inconclusive in case of handicrafts.

Although there has been the rising tendency of total export volumes, there were year to year fluctuations in the export earnings on account of handicrafts. This might be attributable to lack of concerted efforts of the Government to provide support services to exporters. One of the most important constraints to the sustained increase in export of handicrafts is the lack of financial support offered by commercial banks [Bhuiyan, 1992]. Details on year to year fluctuations of export volume of handicrafts may also be seen in Table 7.2. The table depicts that share of handicraft products in total exports is rather small. They contributed for less than one percent of total export earnings of the country during 1980-81 to 1995-96. Moreover, their contribution to export earnings varied significantly during the past years. Handicraft products contributed to about 0.49 per cent of total export earnings during 1980-81. However, in 1995-96, it came down to 0.17 per cent.
7.4.2 Regionwise Export Destinations

Market composition also plays an important role in determining a country's export performance. Akin to the concept of product composition, market composition can also be construed to be entailing two basic facets, viz., market concentration (or geographical concentration) and market structure [Jain, 1988].

The export performance of handicraft products has been quite satisfactory due to the acceptability to European Union (EU) and American markets. A regionwise analysis of handicraft exports and its major results are presented in Table 7.3

Table 7.3: Regionwise Destination of Handicraft Exports from Bangladesh
(Calculated from Dollar Values)

<table>
<thead>
<tr>
<th>Region</th>
<th>Share in per cent</th>
<th>1980-81</th>
<th>1995-96</th>
</tr>
</thead>
<tbody>
<tr>
<td>EU</td>
<td></td>
<td>61.91</td>
<td>53.31</td>
</tr>
<tr>
<td>America</td>
<td></td>
<td>19.13</td>
<td>27.93</td>
</tr>
<tr>
<td>Asia</td>
<td></td>
<td>4.48</td>
<td>7.53</td>
</tr>
<tr>
<td>Oceania</td>
<td></td>
<td>3.35</td>
<td>2.29</td>
</tr>
<tr>
<td>Middle East</td>
<td></td>
<td>2.80</td>
<td>0.83</td>
</tr>
<tr>
<td>Others</td>
<td></td>
<td>8.33</td>
<td>8.11</td>
</tr>
</tbody>
</table>


Table 7.3 reveals that a sizeable portion of handicraft exports has been destined to European Union and American region. EU and American region have constituted important markets for handicraft products. These regions together accounted for 81.04 per cent of handicraft exports during the year 1980-81. Till the year 1995-96 the share was stagnant i.e. 81.24 per cent. The table also depicts that European Union
has remained as the biggest market with a share of 53.31 per cent in 1995-96, though the share has decreased from 61.91 per cent in 1980-81. On the other hand, American and Asian region which happened to be the second and third largest important regions, retained their position (28 percent and 8 percent respectively). It is important to note that export of handicraft products to these regions, however, depicts a significant upward movement. The Middle East and Oceania regions remained highly untapped and hence continued to hold highly negligible shares.

### 7.4.3 Countrywise Export Destinations

Countrywise analysis of export performance in handicraft products shows that biggest importing countries of handicrafts from Bangladesh are the U.K., U.S.A. and Germany. Overall countrywise distribution of the export earnings on account of handicrafts may be seen in Table 7.4. It can be observed from Table 7.4 that during 1980-81 and 1995-96 U.K., USA and Germany constituted the largest market for our handicraft exports by accounting for 52.2 per cent and 54.68 per cent respectively. These three countries have remained as the biggest market for handicraft products. The other major importing countries of handicraft products from Bangladesh are France, Netherlands, Belgium, Italy, Japan, Sweden and Australia. These countries together account for less than fifty per cent of the total handicraft exports from the country. Until now Bangladesh has been able to export handicraft products to as many as 49 countries. In this regard there remains further scope to enhance the market share in the said countries.
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>France</td>
<td>0.012 (0.37)</td>
<td>0.313 (6.03)</td>
<td>2.113 (24.24)</td>
<td>0.268 (4.94)</td>
<td>0.162 (2.21)</td>
<td>0.132 (2.04)</td>
<td>0.251 (3.92)</td>
</tr>
<tr>
<td>U.K.</td>
<td>0.324 (9.37)</td>
<td>1.164 (22.43)</td>
<td>1.520 (17.44)</td>
<td>1.063 (19.58)</td>
<td>1.432 (19.54)</td>
<td>1.309 (20.26)</td>
<td>1.369 (21.35)</td>
</tr>
<tr>
<td>Germany</td>
<td>0.914 (26.40)</td>
<td>0.793 (15.30)</td>
<td>1.285 (14.74)</td>
<td>0.955 (17.59)</td>
<td>0.779 (10.63)</td>
<td>0.797 (12.32)</td>
<td>0.562 (8.77)</td>
</tr>
<tr>
<td>Netherlands</td>
<td>0.295 (8.52)</td>
<td>0.144 (2.77)</td>
<td>0.766 (8.79)</td>
<td>0.238 (4.39)</td>
<td>0.421 (5.74)</td>
<td>0.596 (9.22)</td>
<td>0.336 (5.24)</td>
</tr>
<tr>
<td>USA</td>
<td>0.569 (16.43)</td>
<td>0.695 (13.39)</td>
<td>0.492 (5.64)</td>
<td>0.747 (13.76)</td>
<td>1.072 (14.63)</td>
<td>0.775 (11.99)</td>
<td>1.575 (24.56)</td>
</tr>
<tr>
<td>Belgium</td>
<td>0.090 (2.60)</td>
<td>0.105 (2.02)</td>
<td>0.374 (4.29)</td>
<td>0.193 (3.56)</td>
<td>0.335 (4.57)</td>
<td>0.134 (2.07)</td>
<td>0.243 (3.79)</td>
</tr>
<tr>
<td>Italy</td>
<td>0.324 (9.36)</td>
<td>0.141 (2.72)</td>
<td>0.347 (3.88)</td>
<td>0.265 (4.88)</td>
<td>0.741 (10.11)</td>
<td>0.421 (6.52)</td>
<td>0.487 (7.60)</td>
</tr>
<tr>
<td>Japan</td>
<td>0.021 (0.62)</td>
<td>0.394 (7.59)</td>
<td>0.249 (2.86)</td>
<td>0.223 (4.11)</td>
<td>0.374 (5.10)</td>
<td>0.656 (10.15)</td>
<td>0.415 (6.47)</td>
</tr>
<tr>
<td>Others</td>
<td>0.90 (26.09)</td>
<td>1.441 (27.76)</td>
<td>1.572 (18.03)</td>
<td>1.478 (27.22)</td>
<td>2.013 (27.47)</td>
<td>1.644 (25.44)</td>
<td>1.174 (18.30)</td>
</tr>
<tr>
<td>Total</td>
<td>3.449 (100.0)</td>
<td>5.190 (100.0)</td>
<td>8.718 (100.0)</td>
<td>5.430 (100.0)</td>
<td>7.329 (100.0)</td>
<td>6.463 (100.0)</td>
<td>6.412 (100.0)</td>
</tr>
</tbody>
</table>

**Source:** Bangladesh Export Statistics, Various Issues, EPB.

**Note:** Figures in the parenthesis indicate percentage to total.
7.5 World Exports of Handicraft Products and Bangladesh's Share

World exports of handicraft products escalated from a level of US $ 10773.92 million in 1991 to US $ 21259.45 million in 1995, representing an average annual growth rate of 24.33 percent during the period.

Table 7.5: World Exports of Handicrafts

<table>
<thead>
<tr>
<th>Year</th>
<th>World Exports</th>
<th>Bangladesh Exports</th>
<th>Bangladesh's Share as Percentage of the World</th>
</tr>
</thead>
<tbody>
<tr>
<td>1991</td>
<td>10773.92</td>
<td>5.19</td>
<td>0.05</td>
</tr>
<tr>
<td>1992</td>
<td>17225.74</td>
<td>8.72</td>
<td>0.05</td>
</tr>
<tr>
<td>1993</td>
<td>17437.17</td>
<td>5.43</td>
<td>0.03</td>
</tr>
<tr>
<td>1994</td>
<td>19469.70</td>
<td>7.33</td>
<td>0.04</td>
</tr>
<tr>
<td>1995</td>
<td>21259.45</td>
<td>6.46</td>
<td>0.03</td>
</tr>
</tbody>
</table>


It can be observed from the Table 7.5 that Bangladesh's market share in the world exports is very negligible. Therefore, Bangladesh's export performance does not seem much gratifying when analysed in terms of its share in the world market. The performance seems much more disconcerting when viewed against the backdrop of age-old tradition of production and trade of handicraft products. Bangladesh's share in the global market of handicrafts is still small, despite Bangladesh having a good production base and a large number of craftsmen.

7.6 Analysis of Export Marketing Mix

The marketing mix elements consist of product, price, distribution, promotion and packaging of the handicrafts. These important decisions will be dealt with separately.
7.6.1 Product

A diverse range of products fall under the purview of the handicraft industry in Bangladesh. All these are, however, classified in two broad categories, i.e., (a) manual products, and (b) mechanised products [Mahmood & Rahman, 1994]. The composite of elements of these broad categories of handicraft products are shown below:

(a) **Manual Products**

(i) **Cane/Bamboo/Straw** : Basketwares

(ii) **Jute Handicraft** : Plant hanger, door-string, door-mats, place-mats, coasters, hammock, bedroom and beach slipper, shopping bags, dolls etc.

(iii) **Leather Craft** : Wallet, handbags, bolt, keycase, coin-purse, ladies purse, passport-cover, photo-frame etc.

(iv) **Clay-Items** : Terra-cotta dolls, animals and birds' figure, flower vase, decorative wall piece, pin and pen holders etc.

(v) **Wood Craft** : Toy, kitchenware, animals' figure, wall decorative piece etc.

(vi) **Shell Products and Pink Pearl** : Jewellery figure, jewellery box, spoon decorative items, hairpin, broach etc.

(vii) **Embroidery and Needle Point Product** : Handquilting (nokshi-kantha), table cloth, place-mat, napkin, cushion paper, tapestry, crocheted products, ladies purse, spectacle case, bed cover etc.

(viii) **Coir Products** : Door-mats, floor-mats, runner for the floor etc.

(ix) **Brass** : Flower pot, candle stand, figure (birds and animals), bells, door rings, decorative plates etc.

(x) **Handloom Products** : Lungi, bedspread, place-mat, dhurry, jamdani scroll, table cloth etc.

(xi) **Rajshahi Silk** : Place-mat, scroll, scarf, cushion cover, tapestry etc.

(b) **Mechanised Products**

Mechanised products are further divided into high valued products and low valued products.

**High Valued Products** : Synthetic painting and shirting clothes, bed sheet and bed cover in wrap design and chech, terry cotton dyed shirting cloth, extra weft design finishing and screen cloth, silk scarf, silk stole, garod cloth, wall hangings etc.
Low Valued Products: Plain gray fabrics, dyed yarn, check fabrics for shirting and lungi, cotton saree, cotton bed sheets, mosquito net, kitchen towel, dusting cloth, diapers cotton, twill cloth, table cloth, napkin, bandage (dyed and bleached) terry cloth etc.

A few product types dominate the export-oriented handicrafts sector — jute crafts, leather crafts, hand-quilting/embroidery, handloom, pottery, artificial flowers and cane basketry. A single, large NGO exporter accounts for the greater part of the jute craft exports. Several private exporters, and one NGO, export cane basketry on a large scale. There is one main private company exporting leather crafts on a large scale. Several women oriented NGOs concentrate almost exclusively on hand-quilting (nokshi kantha) and related forms of embroidery, although by far the greater proportion of sales are local. Pottery products include terracotta plant pots and ornamental and glazed vases, ornaments etc. Only the terracotta items are being exported in a sizeable quantity.

Other important products as far as exports are concerned include hand made paper, handloom, basketry of bamboo, straw and other fibres, wood crafts, block and screen printed textiles, capiz shell work, wrought iron, cast brass and stone craft.

Recently ‘Gramin Chech’ and ‘Dhaka Chech’ have been included in the handicraft products list and are getting very popular in Bangladesh. Specially, ‘Gramin Chech’ came to highlights when the first lady of USA, Mrs. Hillary Rodham Clinton, was attracted by the quality and aesthetic value of the product. Nevertheless, the credit goes to the workers who are engaged in producing ‘Gramin Chech’. List of items included as handicrafts under the SITC group is shown in Appendix-IV.

7.6.1.1 Product Design and Development

Design is critical to the export trade in handicrafts. The creation of contemporary designs that utilize the basic distinctive features of a particular handicraft but transforms it into a product acceptable to import markets is of particular importance. Design development is not a one-time activity but a continuous one, changing the appearance and features of a handicraft item to keep pace with shifting tastes on different markets. As the impetus for creating new designs is frequently provided by the importing market, the interaction between the exporter and the market-place is of prime importance in design development.
Product designs are initially planned locally by tradition, taste and demand of the rural people. Manufacturers/artisans are the basic designers. The designs reflect the tradition and culture of Bangladeshi people. Generally, handicrafts marketing outlets, on the basis of samples received from the artisans, develop new designs based on their choice and local demand and also on the basis of samples from foreign buyers, giving some specific designs to suit the taste and requirement of buyers. The outlets are also helping the artisans in quality control design and product development for production of exportable items. In addition to this, BSCIC also assists the craftsmen to develop new products and render training in different areas of product development.

Bangladesh is now very much a part of the international scene and keeping in mind the discerning taste of the consumers, a vast range of crafts and novelties are now produced in the country under the technical supervision of qualified product development specialists. In Bangladesh, available designs are traditional but to incorporate new designs handicraft sector needs more improved technical know-how. Only the NGOs have access for product development, product adaptation and improved technical know-how. The private sector has no foreign collaboration for product development. Private enterprises often depend on the creativity and the ability of the proprietor to develop new product ideas and designs, often very successfully. Government policy supports the promotion of handicraft exports, but exports are a small percentage of the whole, partly due to inappropriate products and designs.

7.6.1.2 Product Quality

Quality of Bangladeshi handicrafts in comparison with that of India and other Asian countries is not below standards. The workmanship of cane, bamboo, coir products, handloom products is superb. The quality control of handicraft products at the artisan level is undertaken by the manufacturers themselves, though a certain amount of supervision is also done by the handicraft marketing outlets during production. After completing the production, products are sorted out and the rejects i.e. those not up to the required standard, are kept aside. Generally more products (in quantity) are made to minimise time loss. Before acceptance of handicraft products by the different outlets and exporters, rigorous quality control takes place which at times results to fresh production, to cover up the quality ordered.
It is indeed noteworthy that quality and other attractive features of a product play a very important role in the promotion of handicrafts. There has been an increase in the demand for high quality products and decrease in the demand for products of other countries. This indicates that high quality handicraft products offer excellent export opportunities. Hence, 'no compromise on quality' should become the slogan with our exporters if they want to penetrate into the potential markets of the globe. We should send master craftsmen to different countries like India, Sri Lanka, Pakistan and the ASEAN countries. Master craftsmen from these countries should also be hired to provide training to our craftsmen. The quality of our handicrafts can considerably be improved through such programmes. Exporters must comply with foreign buyers' quality and design requirements.

7.6.2 Pricing

Pricing the product is a tricky problem in a domestic market. In international marketing it can be a nightmare. The trouble is that the price is a quantitative and unequivocal figure [Majaro, 1986].

The handicraft products are priced at the villages initially, which is then negotiated at the handicraft marketing outlet level. They sell their products when their costs of production is covered by the selling rate. The mark-ups over cost price vary. They price their product by calculating cost of raw material, cost of labour and add a certain amount of mark-up. At the outlet level additional mark-up is added to the buying price. In this regard a straight mark-up is added depending on the demand of the product. Interestingly higher demanded products have higher mark-ups. Furthermore export pricing both at producer level and outlet level varies based on quantity sold and the international competition. Products having high competition have less mark-ups compared to those which have comparatively less competition [Anwar, 1988]. Table 7.5 shows percentage mark-ups of different product categories at producer level and handicraft market outlet level for domestic and export markets.
Table 7.6: Percentage Mark-up of Handicraft Products

<table>
<thead>
<tr>
<th>LEVEL MARKET</th>
<th>Producer</th>
<th>Outlet</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Domestic</td>
<td>Export</td>
</tr>
<tr>
<td>1. Textile</td>
<td>15</td>
<td>25</td>
</tr>
<tr>
<td>2. Brass</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>3. Silver</td>
<td>10</td>
<td>15</td>
</tr>
<tr>
<td>4. Wood Works</td>
<td>10</td>
<td>0</td>
</tr>
<tr>
<td>5. Cane &amp; Bamboo</td>
<td>5</td>
<td>7</td>
</tr>
<tr>
<td>6. Clay Pottery</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>7. Jute Goods</td>
<td>10</td>
<td>15</td>
</tr>
<tr>
<td>8. Leather Goods</td>
<td>10</td>
<td>15</td>
</tr>
<tr>
<td>9. Toys</td>
<td>10</td>
<td>0</td>
</tr>
<tr>
<td>Average</td>
<td>10</td>
<td>10.7</td>
</tr>
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</table>


Table 7.6 reveals that at producer group level the difference in mark-up is almost same for domestic and export markets, though the mark-up for export market is slightly higher. This is basically because the quality of products for export market is better and rejection rate is higher. On the other hand a different picture is observed in case of the outlet level. In this case the mark-up for domestic market is much higher than the export market. This is due to high competition existing in the international market.

7.6.3 Channel of Distribution

The distribution channels in markets around the world are among the highly differentiated aspects of national marketing systems. Distribution is an integral part of the total marketing programme and must either fit or be fitted to product design, price and promotion aspects of the total marketing programme. There are a number of channels of distribution
in export trade. The purpose of these channels is to work on behalf of the producer and relieve him of having to maintain direct working contact with the final consumer [Jain, 1988].

In bringing the handicrafts from the primary producer to the final consumer in another country (usually in the developed world), many different kinds of organisations/people play an active role. Distribution channels of handicraft products is shown in Figure 7.1.

**Figure 7.1 : Export Chain between the Artisan and the Final Consumer**

![Diagram of export chain](image)

The Figure 7.1 depicts that artisans sell their products to the exporters as well as to the agents. Some exporters also manufacture handicraft products at their own costs (such as Aarong, Karika etc.). After then, they sell the finished products to the importers, who in turn sell to the retailers and hence the final consumers. Exporters also sell their handicraft products to the agent. Sometimes, exporters, export their products with the assistance of Government agency like EPB etc. The large NGO handicraft traders are also engaged in exporting who have well established networks of suppliers. Their main export market to date has been Alternate Trade Organisations (ATOs), particularly in the UK, Germany, USA and the Netherlands. This market is in decline, and the NGO exporters are increasingly turning their attention to commercial buyers in the importing countries.

### 7.6.4 Promotion

Export promotion is a fundamental activity in a firm’s marketing mix. Once a product is developed to meet consumer needs and is properly priced and distributed, the prospective consumers must be informed of its availability and value [Cateora & Hess, 1979].
Although much has been said about handicrafts, little has been done so far for their promotion. Marketing promotion involves certain activities like advertising, product campaign, personal selling and so on. As concerned organisations are not well organised, they can not undertake measures in a systematic way to familiarize the handicraft products to the local and foreign consumers. A national marketing centre for handicraft products, the absence of which is very much felt, should be set up as early as possible in Dhaka.

In the domestic market, handicrafts marketing is undertaken only through show-rooms where people come on the basis of locality and very few advertisements are seen; the promotional campaign is undertaken only through personal contact. In the export market one source of promotion is also through participation in trade fairs organised by the EPB, which till now has not been successful to the extent expected. In addition visitors from abroad, at times are also attracted by certain category of product, which is later exported to them. Export promotion of handicrafts has not been given proper attention. The EPB should come forward in setting up stalls abroad in cooperation with various corporations and organisations more frequently.

7.6.5 Packaging

Packaging is increasingly getting important to the success of the export trade in handicrafts. It is important to keep in mind that packaging frequently affects the importers' perception of the overall quality of goods from a particular country. The “country-of-origin” image is often a factor in the purchase decision, and country-of-origin bias may prevail for long periods.

Fungus and insect infestation on bamboo, cane and grass products have been hampering their exports to a very large extent in Bangladesh. Instances of total rejection and destruction of the entire consignment at the destination have been very frequent. For example, a consignment of handicrafts valued at £ 7,000 was destroyed at the destination due to the presence of fungus and insects, and the entire warehouse had to be disinfested at the expense of the exporter [Iyengar, 1980]. Measures like (i) pre-treatment of the products with fungicide
before fabrication and (ii) fumigation of the fabricated items before exports were examined. Plant Protection Directorate has fumigation facilities in different areas of Bangladesh. So far, most of the exporters were neither aware of these facilities nor were unwilling to avail of it. Fumigation of all handicraft products needs to be made obligatory and a certificate to this effect be issued to the exporters to facilitate exports of handicrafts from Bangladesh.

Having analysed the export marketing mix of handicraft products, an attempt has been made in the following paragraphs to examine the export marketing strategies of handicraft products of Bangladesh.

7.7 Export Marketing Strategies

Based on the analysis of the export marketing mix, it would be desirable to recommended export marketing strategies for improving the export performance in future. They are as outlined below :

7.7.1 Product Strategy

Product strategy is the *sine qua non* of export marketing. This important issue is altogether neglected by our handicraft exporters. They are not bothered about the development of new product strategies and they do not envisage it as an integral part of comprehensive marketing.

7.7.1.1 Development of New Products

Under the development of new products strategies, screening procedures for new product ideas is always important. In international marketing such procedures can make all the difference between success and failure [Majaro, 1986]. In the present international market arena, the buyer is interested in an art material with practical use and not in a product that serves just as a show piece [Shah, 1992]. It is unfortunate that this fact has not been realised so far by Bangladesh handicraft exporters/artisans with the result that they have failed to keep pace with the changing times and life styles. A few exporters (NGOs) are now engaged in new product development. In export market, Bangladesh handicraft products are
competing with many machine-made, decorative as well as functional items. To meet the situation effectively, our exporters are to make an intelligent selection of their product offerings. The strategy should be to select the best products of the firm.

7.7.1.2 Modification of Existing Products

The process of modifying products with the view of either 'cheating old age' or penetrating new segments of the market is one of the strategies that marketers resort to when they perceive a weakening in product performance [Majaro, 1986]. It has also been found that most of the handicraft export houses used the strategy of no modification of existing products in the light of design, colour combination and size. This indicates that they lack pragmatic approach to product modification. However, a few exporters make efforts to modify the products according to the requirements of the overseas buyers. The strategy should be to keep on modifying the handicraft products in design, colour combination and size.

7.7.1.3 Packaging of Handicraft Products

Packaging is an important factor to which handicraft exporters should devote their attention, because it plays a pivotal role in export marketing in several respects. Many exporters of handicrafts have been found using poor quality and second hand crates which do not withstand transit. Items damaged in transit or arriving at the destination in an unacceptable condition, tarnish the reputation of the country as a whole. Depending on the nature of the handicraft products being packed, a decision must first be taken as to whether water/moisture-proof packaging is needed. It is recommended that the traditional patterns/designs of the country be used on packages whenever possible. Several space and volume saving measures to make the pack more compact were brought to the notice of the exporters.

7.7.2 Pricing Strategy

Pricing strategy is an essential component of marketing strategy. It is one of the most mystery-laden variables encountered by marketing executives in decision making process [Cateora & Hess, 1979]. Three important factors influence the strategy of export pricing—demand, competition and costs.
Bangladesh handicraft exporters do not follow the systematic pricing strategies. Exporters attach not much importance to this vital strategic area of marketing. Exporters compute the export price on the basis of mark-up/cost-plus criteria depending on the demand of the product. Exporters may follow the traffic bearing pricing strategy i.e. price will be determined on the criterion of charging what the traffic/customer will bear.

7.7.3 Channel Strategy

Apart from the product and pricing strategies, channel of distribution constitute an important element of export marketing mix. The selection of channels of distribution is a vital step in the performance of the export marketing task. The best channels sometimes fail to achieve firm's objectives if the right products are not available at the right place and at the right time [Majaro, 1986]. The existing channel of handicraft exports has been suffering various flaws. Concerted efforts should be made to minimize the heavy dependence of existing middlemen in handicrafts export and to find out alternative distribution systems for handicraft in foreign markets that can ensure relatively direct and economical distribution to the foreign consumers. This type of marketing channel will be remunerative and effective as well.

7.7.4 Promotion Strategy

Export promotion has become a world-wide phenomenon. Export promotion consists of messages sent by the exporter to his target market to inform prospective buyers about his product and persuade them to buy it, to develop positive attitudes towards his product and company [Root, 1966]. Thus, export promotion is a fundamental activity in a firm's marketing mix.

Bangladesh handicraft products cater to the needs of highly dynamic and complex markets and as such all the markets need some kind of promotion effort. Handicraft exporters do not follow any strategy regarding export promotion. Majority of the exporters depend on personal contacts with the channel members built over the period of time. During the interviews exporters reported that they were not taking promotion seriously because of high cost of promotion abroad. A few export firms participate in the international trade fairs. The impressions gathered during the discussions suggest that participation in trade fairs abroad
is a costly affair. EPB should promote exports of handicraft products through specialised international trade fairs according to the different types of end use. In addition to this, exporters can visit the foreign countries and international trade fairs and convince or get in touch with the commercial buyers, agents and distributors and hence collect export orders. It would be one of the cheaper means of promotion in the target markets.

7.8 Incentives and Facilities provided by the Government

Handicraft exports contributes to the national economy by generating employment opportunities and augmenting the income of the rural people. The following incentives have, therefore, been made available to handicraft exporters:

7.8.1 Interest Rate: The concessional interest rate of export credit for non-traditional items is 9 per cent in general and 7 per cent for handicraft products.

7.8.2 Duty Free Import of Samples: Recognised manufacturer/exporter of handicrafts is allowed to import duty free samples up to US$ 300 per year for facilitating the development and adaptation of export products.

7.8.3 Export of Samples: Handicraft exporters are allowed to send sample to overseas buyers valuing up to Taka 1000 without any official recommendation. Samples valuing Taka. 1001-2000 may be sent under certification from EPB, beyond which permission of the CCI & E and the Bangladesh Bank is required.

Some new incentives and facilities have been provided by the Government to the handicraft exporters in the export policy 1995-97 [GOB, 1996], to increase the production and export of handicraft products.

7.8.4 Establishment of Craft Village: Separate craft village will be established in the country for development, expansion and adaptation of export-oriented handicraft products.

7.8.5 Award of National Trophy: To encourage the export of handicrafts, three best exporters of this sector will be awarded National Trophy every year.
7.8.6 **Cultivation of Bamboo, Cane and Coconut:** Emphasis has been laid on the planned cultivation of bamboo, cane and coconut with a view to increasing the supply of local raw materials for production of handicrafts for export.

The Bangladesh Export Development Strategy 1992-2000 identifies handicrafts as a category to receive special attention, including measures to promote handicraft exports, e.g. bonded import of materials and duty drawback on imports, packing credit, subsidy on local fabrics used for export, inclusion in the “Crash Programme” of special measures of several handicraft products, technical development of jute processing and manufactures. The incentives relating to bonded import of materials and duty drawback on imports are not of great importance to the handicraft sector as local materials are mostly used. Even where imported materials are required (e.g. dyes and chemicals) they are purchased by the small handcraft producers in the local market [Holbourne, 1996].

7.9 **Marketing Constraints of Handicraft Products**

Handicrafts occupy an important position in the export structure of the country. The Government has recently selected handicrafts as one of the priority products for export development and promotion. But the international factors like tariff barriers, lack of direct trade, insufficient market exposure etc. have posed a challenge to the handicraft industry and hampered the exports. Besides the international factors, the domestic constraints such as lack of proper planning for marketing, lack of access to capital, inadequate infrastructural facilities, low quality and design, lack of modern technology and chemical treatment etc. have been the major constraints in boosting exports of handicraft products. The various constraints pertaining to the handicraft exports at domestic and international level are discussed below:

7.9.1 **Domestic Constraints**

There are a number of domestic constraints of handicraft exports. These constraints confine the exporters to compete in the international market. These are:

7.9.1.1 **Lack of Proper Planning for Marketing**

The one of the major constraints of handicraft exports is poor planning for marketing
the products. If we see the statistics of handicraft exports the figure is very unimpressive. Bangladesh is lacking in export marketing plans for handicraft sector. Although it is common for one or more Government ministries to implement programmes to respond to the social, educational and vocational needs of craft producers, rarely do such ministries draw up an integrated export development plan for handicrafts. A well designed export marketing strategy and action plan, geared to the commercial demand for artisan products in selected foreign markets, can provide direction to Government ministries and departments in coordinating their programmes for this sector.

7.9.1.2 Non-availability of Finance

Lack of access to capital and financial credits is a major constraint in developing and expanding handicraft exports. Artisans often face this problem because they do not know how to prepare and present a loan application and rarely have collateral security acceptable to banks against a loan. Due to low capital base, entrepreneurs are reluctant to go to financial institutions for any loan. High rate of bank interest is the regulator that averts the entrepreneurs in receiving bank loan. Furthermore individual artisans are usually too far removed from the foreign buyers in the marketing chain to receive a letter of credit enabling them to approach a bank for financing to meet an export order. Even with support from a financial institution their frequent lack of skills in costing and pricing can result in a net loss in their operations.

7.9.1.3 Inadequate Infrastructural Facilities

Inadequate infrastructural facilities in terms of marketing facilities (particularly storing), good communication, transport bottlenecks, port facilities, and the biggest of all lack of product development research centres are important hindrances in the growth and development of handicraft products. This is specially important in areas which have a long tradition in the production or marketing of handicraft products. Better infrastructural facilities such as communication, storing etc. could significantly reduce the cost of production and marketing of handicraft products.
7.9.1.4 Lack of Training

Though some training is provided to manufacturers by BSCIC and BANGLACRAFT, these are basically theoretical in nature and in most cases are provided to urban based handicraft manufacturers, who have better linkages. EPB is also trying to pickup good craftsmen through handicraft marketing organisations to send them abroad for higher training. These training programmes are not sufficient to cover even a sizeable portion of craftsmen. A few NGO organisations also provide training to the producers.

7.9.1.5 Low Quality and Designs

Quality and export oriented designs of Bangladeshi handicraft products are low as compared to their competitors is another drawback of handcraft exports. Handicraft products have to compete directly on price, design and capacity with machine made products as well as with handicraft products from other countries. The quality of products and the designs are not always competitive, resulting in extremely low demand in the international market. Traditionally the female workers engaged in producing handicraft products are comparatively experienced performers than the male workers. Patience and concentration in the work are the key factors in producing quality products. But the female workers are engaged in household affairs by most of the day. They are unable to pay more attention in this sector. As a result, Bangladesh has been suffering from quality handicrafts that leads the country to earn less foreign currency.

7.9.1.6 Lack of Government Cooperation/Patronage

Reluctance at the Government level to find out new and potential markets for handicraft products is another constraint for the development and export of handicraft products. Lack of proper incentives and facilities are responsible for the failure in exploiting demands of handicraft products in the world markets. Although the Government has undertaken some steps to enhance the export earnings from this sector, it is still insufficient to develop the interest among the manufacturers and exporters.
7.9.1.7 Lack of Modern Technology and Chemical Treatments

Technology has a tremendous impact on production. Bangladesh has been suffering from quality products and less competitive price due to inadequate modern technology and chemical treatments. For durability and climate friendliness, handicraft product needs some chemical treatments. In Bangladesh, no arrangement is available for providing chemical treatments to handicraft products. As a result, Bangladesh cannot grapple successfully in the international market.

7.9.2 Constraints in the Target Markets

Since export marketing is performed in a different environment outside the country, a number of constraints can affect the export marketing of handcraft products.

7.9.2.1 Tariff and Non-Tariff Barriers Abroad

A greater export of the handicraft products is severely constrained by various kinds of restrictions put on their import into the industrially advanced countries. On the pretext of 'child labour', poor quality, ethnic products etc. those countries impose various restrictions on their entry into their respective markets.

7.9.2.2 High Price

The price of the handicraft products is often so high that it can only cater to the needs of the higher middle and upper class segments of the urban market. At the same time due to high price, handicraft products find difficulties in entering the world market. The exporters have been facing tremendous price competition mainly from China, Philippines and neighbouring country India.

7.9.2.3 Lack of Opportunity to Participate in the International Trade Fairs

Participation in the international general trade fairs, single country exhibitions, specialised trade fairs and sending business delegations abroad are necessary for expansion and consolidation of existing markets and creation of new markets for handicraft products. Such initiatives have neither been taken properly at the Government level nor in the private sectors.

It is the Government responsibility to organize various trade fairs and provide necessary
cooperation to the exporters, so that they can participate in trade fairs both at home and abroad.

Though international trade fair is arranged by EPB, the expenses are borne by the participants, which is extremely high, resulting in poor participation level at the exhibition site. There is also no concessional freight for exhibits, resulting in the exhibit of few items which find high competition from various products from other countries.

7.9.2.4 Insufficient Market Exposure

Access to the global market is limited due to various restraints. Absence of support from Bangladesh missions abroad also hampers marketing thrust. The Government as well as entrepreneurs do not have a planned marketing campaign to expose the Bangladesh handicraft products in the world market. Bangladesh Embassies and High Commissions abroad have failed to provide necessary cooperation to the exporters in promoting their products in the international market. This is one of the major foreign constraints that hampers the export marketing abroad. A marketing campaign can make the handicrafts known in target markets.

7.10 Market Opportunities

In general there is little scope for large scale expansion of ethnic or traditional crafts. In fact, the demand for handicrafts intrinsically is very limited. Handicraft products have to compete directly on price, design and capacity, with machine-made products, as well as with handicraft products from other counties. The main markets for handicraft products are in gifts, housewares, homedecor, seasonal products, toys and personal accessories.

The type of product with which Bangladesh handicraft exporters can find new openings and be competitive is in small, low-priced, utility items with a decorative finish. These are the easiest items with which to get into new markets as established suppliers. Seasonal products e.g. Christmas and Easter decorations, which may be made using almost any craft technique (jute, basketry, woodwork) are typical examples. Variety and complexity of decoration (e.g. hand painted wood or ceramic items, multicoloured handloom) are a strong point for handicraft products as these cannot be produced by machine [Holbourne, 1996].
Certain Bangladesh products have the potential for achieving a significantly increased market share. The best Bangladesh leather goods are competitively priced for quality, but the main emphasis should be on small goods i.e. purses and wallets. There is a constant need to keep up with fashions in leather goods.

Cane basketry exports could considerably be expanded. Quality and price are good and there are not so many competing countries for small cane products. There is scope for further expansion of pottery exports. In addition to the small terracotta items which are now being exported, there is scope for exporting simple basic plant pots in large quantities. The traditional Bangladesh decorative textiles, muslin, nokshi kantha and jamdaar are beautiful and will always find a specialised demand. A recent development is the use of the hand quilting technique to make American style patchwork quilts for export. This is an excellent example of using an existing skill to make an export-oriented product. There are several possibilities for the development of artificial flower exports. Bangladesh is to compete with Far Eastern suppliers. One company has recently developed a range of small wrought iron products (mainly candle stands) at reasonable prices. Wrought iron is popular in the international market at present and the products need only a little refining to make them very saleable. Handmade paper gift stationery items may also be developed for commercial export with the right type of modern or nostalgic design [Holboupne, 1996].

7.11 Future Prospects of Handicraft Exports

The handicrafts industry of Bangladesh has been recognised as an important industry of the country. It has assumed growing significance from the point of view of its export potential and foreign exchange earnings. In view of the poor marketing strategy, handicraft exporters have not been in a position to exploit the vast potential of handicrafts in the world markets.

Despite an acute shortage of relevant information as to provide a clear perception of the significant role that production and export of handicraft products have been playing in the domestic economy, there will be no denying of the fact that they have a vast potential. Through their greater presence in different countries and societies, they could uphold our rich cultural heritage and immensely help in their further advancement [Mahmood & Rahman, 1994].
Based on indigenous raw materials like wood, bamboo, cane, jute, clay etc., which would have very little alternative uses, production of handicraft products enable a better utilization of such raw materials and the relative costs of raw materials will be most minimal. A greater production and, therefore, export of handicraft products would depend mainly on these indigenous raw materials, with very few import dependence. And the net domestic value added in the export of handicrafts could be almost hundred per cent [Mahmood & Rahman, 1994]. Therefore, the future prospects of our handicraft exports are bright. Because two of the essential ingredients for production are existing in our country, i.e., raw material and abundance of labour with low investment. If it is possible to add modern and mechanised methods with the integration of the above two, it is sure that Bangladesh handicraft products would be the foremost export item in the world.

In earlier sections the export pattern and performance of handicraft products have been analysed and the problem faced by the exporters have also been indentified. On the basis of previous analysis, one can thus form an idea about the future prospects of handicraft exports.

**Table 7.7: Export Projection for Handicraft Products**

<table>
<thead>
<tr>
<th>Year(s)</th>
<th>Projection (Million US $)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1997-98</td>
<td>8.77</td>
</tr>
<tr>
<td>1998-99</td>
<td>9.52</td>
</tr>
<tr>
<td>1999-2000</td>
<td>10.33</td>
</tr>
<tr>
<td>2000-2001</td>
<td>11.21</td>
</tr>
<tr>
<td>2001-2002</td>
<td>12.17</td>
</tr>
<tr>
<td>2002-2003</td>
<td>13.21</td>
</tr>
<tr>
<td>2003-2004</td>
<td>14.33</td>
</tr>
<tr>
<td>2004-2005</td>
<td>15.55</td>
</tr>
<tr>
<td>2005-2006</td>
<td>16.88</td>
</tr>
<tr>
<td>2006-2007</td>
<td>18.32</td>
</tr>
</tbody>
</table>

**Growth Rate**

Per Annum = 8.55 per cent

**Source:** The table has been prepared by applying the method of exponential curve for trend values to the actual data for the year 1980-81 to 1995-96 obtained from the Export Promotion Bureau, Bangladesh.
The projections indicate that exports of handicraft products from Bangladesh are likely to rise to a level of US $ 18.32 million in 2006-2007. This amount is almost three times the value of this exports in 1995-96. The projections as shown in Table 7.7 have been made after critical evaluation of the parameters and by using the method of exponential curve for trend values. It indicated that a compound annual average growth rate of 8.55 per cent in exports could be achieved and desirable during the period 1997-98 to 2006-2007 taking into account exports of 1980-81 to 1995-96 as the base level.

The overall analysis reveals that the future prospects for increasing handicraft exports from Bangladesh are good and bright provided appropriate policies and strategies are pursued and concerted efforts are made by the Government agencies.

7.12 Recommendations

Handicrafts occupy an important position in the export structure of the country. Despite immense possibility of enhancing production of handicrafts within the country, an export potential of such items abroad and the place of handicraft products in the export basket, its position could not be retained. During the study period, a declining trend in the percentage share of handicraft products in the export structure was observed. Could the share of handicraft products in exports be sustained, this could have contributed much towards enhancing total exports. In view of the unique features of handicraft products of Bangladesh and ever increasing demand of such products amongst womenfolk of developed countries in particular and other countries in general, there remains much scope to increase export volume through effective market promotion measures. As reported by some of the leading export houses, Bangladesh missions abroad may undertake survey of department stores and other large scale retail houses and help develop a mechanism through which interaction between export houses of Bangladesh and those of large scale retail houses abroad may take place. It is imperative that Bangladesh missions abroad give more emphasis on market promotion of non-traditional items like handicrafts and ensure consistent rise in the export of handicrafts market abroad. Development of export market of handicraft products abroad requires institutional support and credit facilities. An integrated approach to intensify market promotion measures and facilitating function of the Bangladesh missions abroad may help enhance the extent of market as well as open
new markets of handicraft products. Besides there is also the need to monitor the performance of such missions in market creation within those countries. This would not only contribute to total export earnings, but would also contribute to generate further employment within the country.

In order to make the handicraft industry of our country most competitive and efficient, a number of measures have to be taken on priority basis. These are:

i) easy system of import of raw materials, equipment and accessories in small quantity without customs duty;

ii) establishment of raw material bank;

iii) present BSCIC design centre should be made export oriented;

iv) product development should concentrate on developing new export-oriented products and designs in modern and nostalgic styles, rather than trying to adopt ethnic Bangladesh products;

v) participation in trade fair policy should be re-modeled;

vi) EPB should promote exports of handicraft products through specialised international fairs according to the different types of end use, and not through general trade fairs or craft fairs;

vii) credit facilities and incentives should be replanned;

viii) manufacturers should be encouraged, and assisted to improve efficiency by investing in improved technology; and

ix) exporters should be encouraged and assisted in developing long term relationships with buyers in order to cooperate on product and design development.
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