

## **Art of Marketing Village Crafts; Challenges in Applying Quantitative Marketing to Resist Recession**

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*Marketing in the coming years will be about information, facts and accountability. To sustain current market falls, artisanal industries must line up to master on present-day strategies to explore demand-based market information. Many studies highlight the absence of value-oriented product designs and lament the inability of village crafts to adopt contemporary marketing techniques to showcase their products in right markets. This paper focuses on the current product mix of village artisanal units with an exploratory research on the reasons limiting them from implementing quantitative marketing approach. Divided into two stages, at first the study analyses the product concentration index of craft units and then explores the reasons limiting their ability in adopting quantitative marketing approach. The market performance of village crafts shows that the Kerala artisanal industry has to travel a long way to adopt plausible marketing approaches to survive competition.*

**Field of Research:** Quantitative Marketing, Global Recession, Artisanal Products, Handicraft Industry

### **1. Introduction**

It is time for marketers to realize that recession can not be washed away overnight and needs to be tackled strategically. Despite its adverse impacts, recession nudges marketers to thoughtfully redesign marketing mix strategies, focusing on customer values to make the most of the tough situations that come in its wake.

The markets for Indian handicrafts also have not escaped the ravages of global recession. Generally considered as a cottage enterprise, Indian handicrafts industry has outgrown its image to evolve into a rapidly growing enterprise with a turnover from US \$ 1.2 million in 2004 to US \$ 1.9 billion in 2006. In 2007, the export of handicrafts from India has shown an increase of 10.02 percentage from the previous year and was expecting to triple the figure by the end of 2009. However, by mid July 2009, the economic crisis brought down India's share to two per cent in the global market (George, 2009).

The export statistics apparently reveal that when the machine made crafts have fairly survived global recession, the sale of village artisanal<sup>1</sup> products were found to be badly affected by the market downturns. With limited holdings, eighty per cent of production is still done manually by village handicraft units and therefore, similar to other village enterprises, products of these units also fail to make themselves recession proof. However, with an aim to prop up these

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units, the government of Kerala has initiated measures to organize cluster-level participatory craft production centres across the state. To resist the adversities of recession, 26 clusters have been organized in the state by the end of June 2010.

Even though cluster-based production and marketing system has come to address the issue, the traditionally skilled artisans engaged in rural craft warn of slow death of some of the ethnic village based heritage crafts of the state and vow that they would never initiate their children into that 'thankless trade'. According to them, lack of fund is hardly an issue, but what this sector lacks is an appropriate marketing strategy to place the village crafts in the right markets to compete with urban machine-made products. In addition, artisans suggest need-based product mix with tailor made marketing techniques to run the business. Apparently, past performance has proved that a qualitative approach is no longer acceptable to enhance the market. With a functional deviation from the traditional qualitative notion of marketing, this industry asks for quantitative dimensions in marketing.

In this context, this paper focuses on the pitfalls that limit the ability of village craft industry in implementing quantitative marketing approach to improve marketing performance. The remainder of this paper is organized as follows; section 2 revises earlier literature on handicraft industry, explaining the significance of introducing quantitative marketing approach in this sector; while section 3 highlights focus of study, section 4 proposes the data and methodologies employed in the statistical analysis. The last two sections, 6 and 7, comprise of analyses, discussions and conclusions.

## 2. Literature Review

During the last six decades many studies were carried out to explore the weaknesses of rural industries of several states of India. Most of the studies focused on market performance of village crafts. Reviewed literatures reveal that the research on village crafts, a compilation of tradition with religion and philosophy dates back to the Vedic period. For instance, the reviews done by Upadhyay (1973) on the Vedas and Upanishath comment enormously on the prodigious contributions of village crafts to India's trade and commerce (Upadhyay, 1973). Many studies have identified village crafts as a link with the ancient past (Karve, 1952, Kamala Devi, 1958, Aruna, 1959 and Khosla, 1959). To support the significance of handicraft in preserving tradition of a country, Munshi (1970) argues that only through promoting handicrafts a nation could initiate measures to conserve its social structure, holding its traditional values (Munshi, 1970).

Attempts were also made to identify the importance of village crafts in the socio-economic development of rural communities to whom the production of this industry belongs. Metha (1958) observed that these artisanal units are the integral part of rural economy which generates employment for several rural youths. Opposing the binding up of modern industries, the contribution of rural industries to economic and social sector was also propagated by Bedi (1958), Roston (1963), Rava (1965), Myrdal (1968), Rao (1970), Peter (1971), Jaya Prakash (1972), Deshpande (1984), Streefkerk (1985) and Rao (1986).

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Considering the significance of rural craft industries in the micro and macro economy, few attempts appear to have been made to explore the market potentials of these products. Study by Uma (1965), on the existence of wide disparities in market opportunities between urban and rural products complaints on the inability of village artisans to penetrate external markets competing with machine made urban crafts (Uma, 1965). Uma's arguments are corroborated by the finding of a study on relative significance of strategic marketing for small enterprises by Keplan, (1977).

Nurkse(1954) explores the economic conditions of village craft industries of various states and opines that this sector is under the threat of a vicious circle of un-development. He identifies that with low productivity, low income and low investment, this vicious circle heads to market failures (Nurkse, 1954). To support the above argument, Thaimani (1987) and Dak, (1989) list out reasons for the failure of village crafts such as poor designs, low quality materials and inefficient market approaches. Consequently, these weaknesses are exploited by machine made urban craft units, who apparently lockout village crafts from global markets (Digbey, 1960, Sanjay, 1988 and Luckose (1992)). Eventually, with the passage of time, the intensified competition urged rural enterprises to look for plausible and flexible solutions to reach global markets (Ram, 1971, Gundiff, 1972, Manzoor 1975, Thambi 1975).

Appraising the above issues, the studies by Prajapati (1986) and Laila (1994) on diversity marketing in craft industry, recommend regular market survey to compile market information to design workable solutions to solve market problems (Prajapati 1986 and Laila, 1994). Lack of market awareness is the main obstacle for any village enterprises to put up their products in urban markets (Thaimani, 1987). In addition the summary of the aforementioned reviews highlight the existence of information gap in understanding what the customers demand and what the artisans have in hand to offer. Obviously, a quantitative marketing<sup>ii</sup>, an information-based marketing approach used to satisfy customer expectations, is essential to study and update knowledge on market changes for handicraft products.

However, even if the aforementioned reviews suggest strategic measures to improve markets for village crafts, often supply of scattered, insufficient and unsystematic data on production and sales, will be the major obstacles for them to develop quantitative marketing strategies (Florence, 2005)

### 3. Focus of the Study

The genesis of this research traces back to my visit to the village handicraft units in Kerala in July 2009. During my interactions with the artisans, I observed that majority of the village artisans depended on local traders to sell their crafts who eventually served as intermediaries and sold the products at a good margin to private merchants. In their zeal to earn quick money, most of the artisans employed same design without any appreciation of market requirements or customer expectations. This resulted in low inventory turnover, holding stocks for more than 10 months at showrooms.

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Visits to artisanal units inspired me to initiate an exploratory research with two primary objectives in mind. The first objective was to examine the existing product mix of the artisanal units to analyse the customary practices followed in design diversification for meeting present-day demands. I selected few units as case examples.

The second objective, but no less important goal of this study, was an attempt to understand the underlying reasons that limit the ability of artisanal units in designing quantitative marketing approach to sell village crafts in and outside Kerala.

In brief, this paper attempts to explore the limitations of village craft industry in applying the notion of quantitative marketing techniques, a topic which is not yet covered in any previous research in this field. Anticipating that the Kerala village crafts are deprived of contemporary marketing strategies, this paper looks into the reasons limiting the ability of this sector in designing quantitative marketing strategies to improve market performance. This study leaves space for further research on how to develop quantitative strategies in this field.

### 4. Methodology

Parting into two stages, the first part of the paper evaluates the prevailing product strategy of rural crafts for selected fast moving artisanal products in the market. Using purposive random sampling three village craft units were selected from the cooperative societies registered under the Kerala State Handicraft Apex Co-operative. The study concentrates on five main crafts produced by the sample units namely, wood and metal carved idols of medium sizes, cane baskets, paper mache' crafts, and horn carvings. Product Concentration Index is used to analyse diversity in the product mix offered by these units.

$$PCI = 100 \sqrt{\sum_{r=1}^n \frac{(zr)^2}{z}}$$
, where  $z$  is the production of total crafts from a unit and  $zr$ ,  $r(1, \dots, n1)$  denoting production of sample crafts under study in a given year. The maximum value of index is 100 which occur when the society concentrates production in one item of craft; Higher the value lesser the design diversity (Fred, 1992).

In the second stage, the study examines reasons limiting the ability of craft industries in developing quantitative marketing, referring the challenges listed by Merkle (2004) in his report on how to master in quantitative marketing. This study evaluates three reasons that limit the artisanal units in adopting a quantitative marketing approach. The research is instrumented with interviews and discussion with functionaries, employed in this sector.

### 5. Analysis

The village cottage industries of Kerala are under the threat of market challenges and struggle to place themselves in internal and external pockets to arrest the market control by imported products. To challenge the private traders, the aforesaid reviews insist considerable modulations in the marketing strategies of village enterprises to satisfy both their distributors and consumers.

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This warrants an in depth product modification and design diversification appropriate to match the customer expectation and values. The product concentration index (table1) depicts high product concentration (mean=68.5) on wood and metal crafts with repeated production of same design. The high product concentration index indicates the limitations of the artisanal units to offer diversified product mix promising wide choice to satisfy the versatile global customers.

**Table 1: The product concentration of village craft units for selected fast moving crafts. (Value in US \$, in thousands)**

Year	Wood & Metal	Cane	Paper	Horn	Other crafts	PCI ( wood & metal)
2005	22.70	1.6	1.49	2.1	4.8	83
2006	30.30	1.4	2.11	1.1	5.01	69
2007	31.06	1.3	2.11	1.2	4.52	60
2008	30.98	1.5	1.99	0.9	4.12	62

Source: Data compiled from the production records of sample units

Many reasons could be cited for the repeated production of same craft design, such as lack of training to artisans, unavailability of raw materials, worn out technology etc. However, as complaint by the artisans, what these units lack over and above the aforesaid reasons are - accurate and incessant flow of market information to design value oriented product mix to timely showcase their products.

Even though many studies have recommended quantitative approach, with quantified market data, as the sole measure to improve market performance (Peter 2000 and Philip, 2001), why do rural enterprises fail to adopt this strategy is under review in the next part.

According to the report of Merkle (2004) implementing quantitative approach to marketing requires a sound flow of market information, an intelligent approach to efficiently implement the idea and appropriate infrastructure to bring this strategy into practice (Merkle, 2004). Accepting above assumptions as instrument for market success, the second stage of this paper examines the factors that limit artisans in applying quantitative techniques to promote handicrafts.

### 6.1. Information Gap

Quantitative marketing requires not just any data, but up-to-date data for decision making (Philip, 2001). Hence it is obvious that to apply quantitative marketing approach, the rural enterprises should have access to data banks to gather market information. However, the only two organizations employed to compile and disseminate data on handicrafts are the Kerala State Handicrafts Export Promotion Council and the Kerala State Handicraft Development Corporation. The compiled data gathered by the above organizations are published in the Economic Review, an annual report issued by the Kerala State Planning Board. Study observed that on many instances, product-wise or unit-wise data on village crafts are not included in this report and often the data published are found to be unreliable and not even matching with the state-wise data provided by the

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All India Handicraft Board. The abstract of information published in the Economic Review, 2008 (table 2) throws light to the content of data base.

Referring the comments by Churchill and Brown(2007), on the significance of data to understand markets, it is technically true to say that majority of the rural enterprises failed to supply or collect 'systematically tabulated' data in terms of design, size, colour or with feature differentiating one craft work from other. Poor understanding of the usefulness and importance of data on market studies often lead to the disinterest of officials in maintaining systematic records. This ensue complexity in market analysis.

**Table 2: Extract of the report on performance of handicraft industry of Kerala published in the Economic Review 2008**

Handicrafts
8.53 During 2007-08, the Society procured goods worth of Rs 267.00 lakh and the total sales achieved for this period was Rs 380.60 lakhs. The Society conducted 10 exhibitions in different centers and 200 artisans have participated. The total sales come to Rs 140.30 lakhs. The society also conducted one training and four design development programmes for its primary societies and artisans
8.54 The Handicrafts Development Corporation is a Government of Kerala organization procuring and marketing handicraft products by giving fair returns to the artisans through its 18 Kairali emporia, spread all over India. The sales turnover of the Corporation increased to Rs.1112.40 lakhs in 2007-08 from Rs.1076.55 lakhs in 2006-07. The Corporation improved its profit from Rs. 28.22 lakhs in 2006-07 to 38.92 lakhs in 2007-08. The total sales of the Corporation as on 31.8.2008 is Rs. 432.40 lakhs and net profit is Rs. 8.96 lakhs
8.55 The artisans in trade of pottery, copper, bronze, gold smithy, carpentry etc. are assisted by the Kerala Artisans Development Corporation (KADCO). The loss of the Corporation during 2007-08 was Rs.7.57 lakh as against Rs.15.93 lakh in 2006-07 and the accumulated loss at the end of March 2008 was Rs.242.284 lakh.

Source: Kerala State Planning Board (2008) Economic Review: [www.keralaplanningboard.org/](http://www.keralaplanningboard.org/)

## 6.2. Quantitative marketing gap

Dearth of functional data is not the only reason for the failure of artisanal units to use quantitative approach in marketing. The study observed that most of the decision makers are non-professionals, who lack the know-how to implement the ideas into practice. Apparently, they fail to practice quantitative marketing approach due to the gap exists between ideas and implementation. The reasons for this gap are modeled as follows:

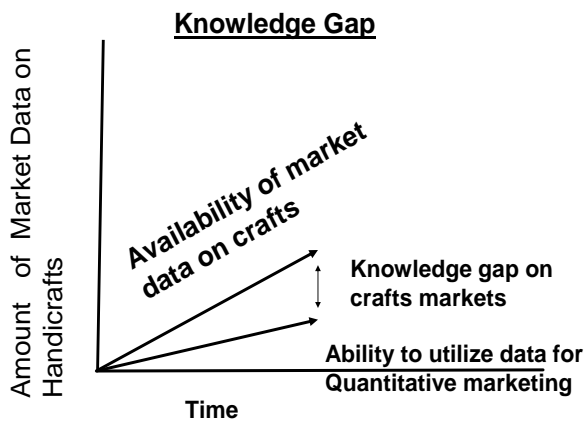
6.2.1. Lack of understanding: Absence of knowledge on marketing theories and skill to exercise market techniques in practice are the major constraint identified in the day-to-day management of these units. Interviews with the functionaries revealed that so far no managerial or market analysis training has been done by them to gain knowledge to assess the strength or weakness of their business enterprises.

6.2.2. Lack of coordination: Even if supplementary data are available, how to utilize the data to design appropriate market study is the major limitation faced by these units. Official who responded to the interviews unanimously compliant on their inefficiency in developing quantitative marketing approach due to the

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wide knowledge gap (Gartner, 2009) they experience in business planning (fig 1).

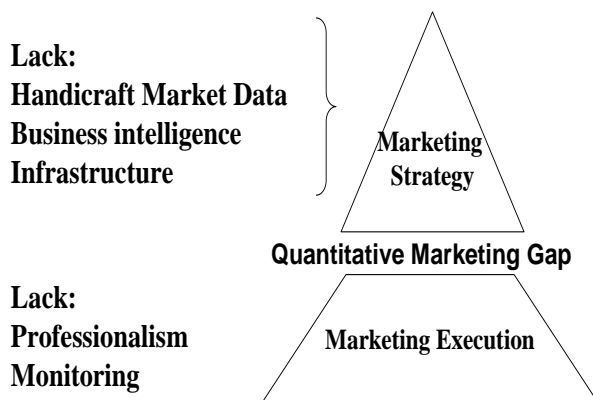
**Fig. 1**



Another major issue faced by independent units in drawing flexible strategies is their inability to contribute ideas in marketing decisions since majority of the decisions are centralized and taken at the apex level. The study observed that, consequently, the existing knowledge gap widens their inefficiency in developing quantitative marketing techniques, tailor made to each craft units.

**6.2.3.Lack of Infrastructure:** The geographical location of artisanal units sometimes found to be a disadvantage to them to access timely market information. The affiliated central organizations which are located far away from the production units hardly facilitate any flow of needful market data to village units. This creates gaps in the alignment of marketing policies of the apex organization and member production units (fig 2).

**Fig. 2**



Moreover, many of the marketing strategies planned by the apex are generic in nature and, therefore, are uniformly applied to all types of units in the state. Hence, the functionality of common market plans and its ability to promote village crafts in particular, are limited and questionable.

The limited accessibility to websites and advanced technologies to browse market trends has been observed to be another limiting factor in monitoring markets.

### 6.3. Functional Complexity

Implementation of quantitative marketing strategy is a lengthy process and execution of this strategy demands a combination of following four factors:

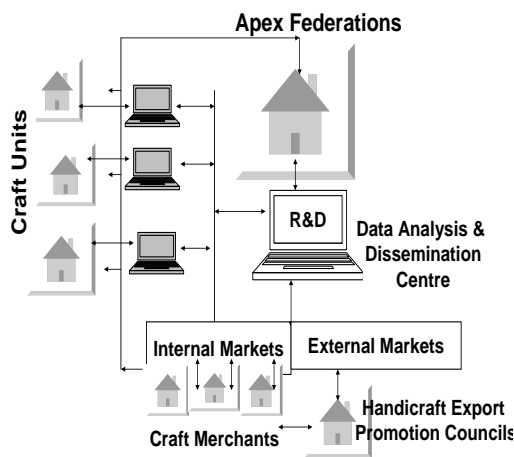
- a. Strategic data derived from market research.
- b. Ready to use data and analytics.
- c. Efficient infrastructure to disseminate data from apex body to village units.

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d. Know-how to disseminate, collect and implement data at all levels.

Therefore, realizing the involvement of the aforesaid factors to master in quantitative marketing practices, the functionaries at all levels should have a clear understanding on the responsibility and accountability in collecting, recording, analysing and disseminating data relevant to this industry.

**Fig. 3**



Most of the village artisans, interviewed admitted that they pay little attention to the principles of scientific book-keeping while entering daily transactions. This inconsistency in data management exists due to lack of coordination between the apex bodies and village units. Following scientific data maintenance system, as this study recommends in fig 3, would minimize the above knowledge gap.

## 7. Findings and suggestions

The demand to apply quantitative marketing methods is rapidly growing across the world. Vast majority of Indian organizations still make use of poor data and information, costing them millions of dollars in opportunity. The village handicraft industry is also not an exemption but, heading the markets with quantitative approach would benefit this industry to improve its performance globally. However, at present, with the aforementioned limitations, it is clear that handicraft industry has to travel a long way to adopt quantitative marketing approaches. The apex organizations would have to start the revival measures from grass root levels, providing facilities to develop systematic compilation of data (see fig 3). In order to gain this objective, constant training in accounting and marketing analysis with computer literacy campaigns should be listed with priority in management plan. The rural units should be facilitated with scientific managerial infrastructure, assuring easy access to up-to-date market information with internet linkages. An action plan should be developed to train the functionaries in each unit. This system should be subjected to periodical monitoring till the units achieve self sufficiency in recording, storing, analyzing and dissemination of data to marketers as well as collecting data from markets. Though this paper did not explore the types of quantitative marketing suitable to promote handicrafts of the State, acknowledging this limitation, study suggests that quantitative marketing would facilitate village crafts to meet diversified demands by introducing value oriented versatile designs, driving the cautious customer to open their wallets lavishly even during the time of economic downturns.



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<sup>i</sup> Artisanal products are those products produced by artisans either completed by hand, or with the help of hand tools or even mechanical means, as long as the direct manual contribution of the artisan remains the most substantial component of the finished product (UNESCO, 1997).

<sup>ii</sup> Quantitative marketing is defined as the exploration of market facts and figures for better understanding of consumers across the world to maximize the performance of an enterprise (Merkel, 2004).

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