

# Innovative Marketing

*Dastkar Andhra Marketing Association (DAMA) is the marketing arm of Dastkar Andhra, a not-for-profit NGO that works on the premise that there is a large and unsatisfied demand for medium priced, good quality handloom fabrics and that the production and delivery system can be worked out with the participation of the producers.*

ANISA PURI

**D**astkar Andhra (DA) is a not-for-profit NGO that works for the cotton handloom industry and Dastkar Andhra Marketing Association (DAMA) is the marketing arm of this body.

## The Guiding Vision

Dastkar Andhra initiated its activities in 1989, as an offshoot of Dastkar Delhi. In 1996, DA was incorporated as a public charitable trust (non-profit organisation). DA contests the myth of handloom being a dying industry only suited to niche markets and exports for highly specialised fine fabrics that cannot be made by mills or powerlooms. On the contrary, DA has taken the view that the great strength of handloom production is in the plain everyday fabrics woven by the large mass of weavers of ordinary skill levels, worn and used by the vast majority of ordinary, everyday people for home as household linen, etc.

## Background of the Dastkar Andhra Market Development Programme

DA understood the limitations of the existing marketing strategies and sought to develop a marketing programme based on the strengths of handloom production. Accordingly a programme was developed to fill the gap between market demand and production capacity. There was an urgent need to mass base the handloom market so that more and more handloom producers get work on a continuous basis. Their starting premise is: (a) There is a large and unsatisfied demand for medium price, good quality handloom fabrics among urban middle and lower middle income groups; (b) The system of production and delivery could be worked out with the participation of the producers that build on the flexibility and adaptability of the industry

with adequate market feedback inputs factored in.

## Dastkar Andhra Marketing Association (DAMA)

A trust was set up in 2001, as an associate unit of DA to handle the business aspects of marketing. The aim, based on DA's analysis, is to work out a sustainable marketing model for selling medium range cotton fabrics.

DA's vision defines the framework within which DAMA operates as follows: (a) the customer – the large middle class market; (b) the product – good quality, medium level product that is capable of being woven by a large number of weaving families with ordinary skills; (c) the producer – provide continuous work to certain groups of weavers throughout the year to give them financial stability and maintain transparency.

Within this framework DAMA is conceived to be the business arm of DA, working towards financial sustainability and autonomy. DAMA provides access to markets by addressing the needs that weavers themselves felt were the most pressing and will give them financial stability and autonomy by having regular access to markets for selling their products.

The ultimate aim is that every producer society becomes an independently functioning weaving group, able to access and service customer orders suited to their production schedules. This will free up infrastructure within DAMA to work with new producer groups rather than grow doing the same things over and over again. DAMA's relation to the weaving community is to be that of a consultant agency providing services to a self-reliant industry.

## DAMA Objectives

– To directly market handloom products of sample groups of producers to existing mainstream markets, to build marketing

systems that allow for free flow of information between all participants. Direct marketing through the retailer service programme caters to chains selling readymades, boutiques, and shops supplying the upper middle class. The strategy is of high volume, low markup and quick rotation of working capital to stay competitive in the market. Exhibitions and direct stockroom sales programme are aimed at maintaining direct customer contact.

– To expand market share by working on innovative distribution mechanisms. The household market programme (HSN) targets the middle class markets. Promotional exhibitions are held to explore new markets and customers. The small retailer segment is also being explored. The lower income group programme (LIG) is an attempt to provide good quality cloth at cost price in order to build brand loyalty and reach customers who would not otherwise look at handloom products as either affordable or desirable.

– To keep abreast with market changes in order to provide the best possible marketing support to the handloom industry. DAMA seeks to provide management, marketing, financial and technical training for producer groups both inside and outside the marketing fold to encourage entrepreneurship within them. It also participates and initiates research in market-related issues to provide strategy for marketing for the larger handloom industry.

## Methodology: How DAMA Works

It first identified with a few producer societies to work with, where both the management and the producers were ready to adopt change. The criteria was to work with societies having a formal infrastructure for management, payment of wages to weavers, raw material purchase, credit facilities and quality control.

Commit work (orders) to a certain number and type of looms in each of these societies and to provide work to a certain number of weavers throughout the year. Access and book orders from retailers to the large middle class and lower income group urban market that match production capacities, to provide year-round employment which will lead to increase in weaver wages. Societies are required to produce on pre-order basis, which they were not used to and hence there was a lot of supervision required by DAMA.

The marketing programme has itself grown through a process of evolution. Initially markets were identified as the major bottleneck in selling handlooms.

This led to a study to understand the limitation of the existing market strategies, primarily in the cooperative sector and the need to introduce a new selling strategy to balance consumer and producer constraints. DA identified a few societies to begin work with, where the management was receptive to change and committed work to a certain number of looms. They booked orders from customers and these societies had to produce on a pre-order basis. The aim for DA was to mass base the handloom market so that more and more handloom producers got work on a continuous basis. As the programme grew, the need for a separate body to handle this project was felt and DAMA was created.

DAMA presently works with eight producer groups (not individual weavers) mainly in the cooperative sector, selling over one crore worth of fabric, of which 65 per cent is made to order on 140 fully supported looms. During the period 2001-04 there was accelerated growth, but in future, growth will be organic.

### DAMA Structure

The DAMA structure is built around the stock cycle, around which functions and people are organised. This cycle has three phases: (a) marketing; (b) production; and (c) stock room.

The existing marketing channels serviced by DAMA are:

The retailer servicing caters mainly to boutique/shop/chain selling readymades supplying the upper middle class professional woman who does not have the time and/or confidence to do her own tailoring. The model works on a strategy of high volume, low mark-up and quick rotation of working capital to stay competitive in the market.

Methodology: (a) DAMA representatives visit retailers of cotton handloom fabrics and garments in all major cities with the DAMA sample book of current products, production schedules and book orders to provide work to their committed looms; (b) Develop fieldwork support systems through which loom output is sold through customers orders booked before production; (c) Need for a merchandiser role with skills of reading what the customer wants and develop product varieties and designs to suit the market and producers. Often failure to get orders is attributed to design failure, while the real cause was lack of understanding of customer requirements; (d) Build strong relationships with the retailers with a thorough knowledge of their buying schedules and product mix.

The home selling network marketing is largely for the middle class housewife who wears sarees, mostly in south India; saree and suit wearers from middle class backgrounds in north India; who prefer to wear handlooms. This model works on low overheads, low mark-up and low capital investment working on informal marketing networks to reach its customers.

This is a low capital growth model (no working capital required at DAMA as it uses its existing inventory) alternative to retail servicing and exhibition marketing channels that are capital-intensive to reach the middle class market. It was started in 1997, as a pilot initiative in selling from the home, working on informal marketing networks to reach the customer. Housewives and working women take a consignment of sarees and coordinated fabric sets against cash payment, but can return unsold products within a month. As the number of HSN's grow, it becomes possible for them to support looms, which produce exclusive designs to be sold only through the HSN networks. The HSN model is still in the developmental stage and till now Goutami has been the only HSN agent. *The Goutami experience – unique and a perfect showcase of DA ideology:* The first stage in the HSN model was to give Rs 30,000 worth of stock of sarees to Sambhavi, the Goutami entrepreneur on loan which she sells directly to customers at a 20 per cent mark-up. On an average the cost of dispatch, stock handling and marketing costs amount to 10 per cent, leaving a clear 10 per cent as income to the HSN agent.

– Goutami has been the main vehicle of exploration into HSN. She directly sells to the customers from the house, reaching new customers through exhibitions in the area, participation in DAMA exhibitions and appoints other home selling agents. – The second stage in this model is to increase the number of such networks for which efforts are being made and this expansion will need support from DA.

Some critical issues in expansion have been the need for investment of at least Rs 25,000 for the initial stock. Limited variety due to the fact that the sales channel has not developed fully and Goutami alone cannot sell the entire warp of sarees produced.

The exhibition and direct stockroom: sale programme is aimed at maintaining direct customer contact through exhibitions, which also promote new products and support our other marketing programmes. The exhibitions help to mop up the excess inventory as well as find new customers for the retailer and household

network programme. It serves a number of functions: (a) It offers customer interface and visibility, helping obtain market feedback and customer response directly; (b) It provides the forum to introduce newly developed designs and special products like khadi/natural dyes; (c) It is critical to the concept of loom support because the shortfall in customer orders to the committed looms is mopped up by exhibitions; (d) It allows a display and demonstration of DAMA concepts to the general public like coordinated sets, colour palette, production range.

Exhibition planning strategy is according to the stock accumulated and the objective of the exhibition (whether promotional, design testing, or stock disposal). The existing inventory is balanced by ordering specific colour and product preferences based on past experiences of what sells. Though an important channel to reach customers, exhibitions are energy-intensive and expensive.

*Stockroom sales:* Some amount of direct sales for both end users and retailers from the stockroom is encouraged, since this is where most of the inventory can be seen, the volume and range of production gauged. The strategy of bringing clients to the stockroom, impacts positively – creates an understanding of the processes involved, credibility for the delivery process is generated along with an understanding of constraints.

In addition to this, promotions through lower income group marketing and market exploration through specialty products and exports are also attempted.

The sales turnover for the year 2003-04 was Rs 107 lakh, with the retailer service network being the focus of growth, expected to increase at an average of 20 per cent per annum.

One of the objectives of DAMA is to develop innovative marketing channels as the opportunity arises. This is achieved in the following ways: (a) small retailer programme to reach the large middle market segment with low overheads and quick rotation of stock from existing inventory; (b) export and special products are high-end segments which are energy-intensive to service with good returns (higher mark-up) on cost. Their production is resource-intensive requiring higher level of technical input, higher wages at the producer end and high rejects and standardisation at the marketing end. The infrastructure and delivery capability in DAMA and the producer partner are now perceived as strong enough to work in this sector. The natural dyes and design studio are working on

market research and products which eventually tap this niche market; (c) lower income group (LIG) a long-term project marketing aimed at the lower middle, relatively untapped market (earning Rs 5,000-10,000 per month) is an exploratory exercise, spun off from the household marketing model in an effort at building up the brand of handlooms. This activity will be taken up by working with women's thrift groups in cities and small towns and suited to their requirements, such as instalment payments to suit daily wage earners, etc.

## Production

The project started in 1999 with five to six producer partners, servicing more than 50 weaving families (55 looms) and generated sales worth Rs 40 lakh. For the year ending 2004-05, the supported looms increased to 140 looms. Most of these looms are in the weaver cooperatives spread across several districts of Andhra Pradesh. Some are also from independent weaver groups, which are smaller, manage their own affairs and are sponsored by DAMA to access bank credit and need more guidance.

DAMA promises loom support for specified number and type of looms, guaranteeing a certain volume of orders every month to existing weaver families for output based on their skills and provide technical support. Orders are based on customer orders (CO) received and shortfall as non-customer orders (NCO) and products are changed seasonally according to market feedback. As producer groups become more responsive in handling orders and delivery schedules, DAMA passes on some of the market pressures to them insisting on better quality, timely delivery or expansion in volumes. They also intend to work on capacity building within the producer groups involving management and finance, with the ultimate aim of directly accessing and servicing customers.

*Stockroom services:* The stockroom coordinates all activities beginning with the receipt of stock from the producer groups, physical custody until packing and dispatch through the various marketing channels.

## Organisation Structure

The organisation structure is decentralised and this helps in quick decision-making and implementation. The management team consists of the heads of marketing, production, finance and policy and is responsible direction and guidance. Their primary attempt is to fine-tune and

trouble-shoot the problem areas through a methodical and constant review. The management team works in close coordination with the section heads and working committees.

## Critical Issues

The success of DAMA has been the detailed analysis of problems by the focused core group, deriving theory from practical experience, and again putting that theory into practice. It may be a problem in future to find new people with the same level of commitment and retain them by paying somewhere near market level remuneration.

## DAMA Strengths

DA and DAMA's practical involvement in the cotton handloom industry in Andhra Pradesh over the last several years has

enabled it to understand its immense scale and diversity and identify the primary constraints that need to be overcome in order to sustain livelihoods in this sector. It has aided in the development of multi-dimensional support systems with forward and backward linkages through its various projects.

The confidence of producers is built up through guaranteed full time loom support and through systems that ensure transparency of the supply chain. The weavers know where and what the fabric produced is used for and the marketing channels. Success is achieved by giving producers constant feedback. Prompt payment made by DAMA for stock procured enables economical rotation of working capital and establishes their credibility with producers. **EPW**

Email: anisasपुरi@hotmail.com