



ANALYSIS OF PRICING STRATEGIES OF HANDLOOM PRODUCTS WITH REFERENCE TO WEAVERS' CO-OPERATIVE SOCIETIES

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Abstract

The present study has been conducted in Erode District which is one of the important handloom centres in the country. The present study scrutinizes the pricing decisions of various handloom products produced by Handloom Weavers' Co-operative Societies' in Erode District. The required primary data for analyzing the price mix attributes of Handloom Products has been collected through structured Questionnaire. To achieve the objectives of the study 140 Weavers' Co-operative Societies in Erode District has been selected using stratified sampling technique. The results of the study revealed that majority of registered Handloom Weavers' Co-operative Societies in Erode District follows a uniform pricing strategy called Cost Based Pricing and the price of the handloom products are fixed according to the price of raw material.

Keywords: Price Mix, Handloom Products, Handloom Societies.

Introduction

As far as rural population is considered the handloom industry is the second largest employment provider next to agriculture (IBEF, 2015). Indian handloom products have a distinctive place in the world of fabrics. According to Report of the Working Group on Handlooms for the 12th Five Year Plan (2012-17), the production of handloom fabric during the period (2010-11) was six thousand nine hundred and three million sq. mtrs, while the share of handloom cloth to total cloth/textile production (comprising Handloom, Mill and Powerloom), was about 14 percentage. Though the handloom products has a distinct place in global market, in the recent years the sale of handloom products are at disadvantage. Due to changing consumer preference and slowdown in EU and US the share of handloom in total textile production is decreasing (Srivatsava, 2016) and inefficient product management, increasing price of raw is posing a serious threat to the industry (Mohanty & Berhampur, 2011). In this context, the present study is an attempt to analyze the pricing decisions of handloom products with reference to Handloom Weavers' Co-operative Societies in Erode District.

Statement of the Problem

The increase in price of yarn and other raw material further increases the cost of production of handloom products. The raw material price threatens the marketability of the handloom products (Mohanty & Berhampur, 2011) produced by handloom societies. Due to the increase in raw material price, the Handloom Societies are forced to increase the price of handloom products and they are unable to follow a stable pricing mechanism. Hence the present study is an attempt to explore the price mix attributes of handloom products with reference to Handloom Weavers Co-operative Societies' in Erode District.

Objectives of the Study

- To study the price mix attributes for the handloom products produced by Handloom Weavers' Co-operative Societies.
- To study the factors influencing the price mix of Handloom Weavers' Co-operative Societies.

Review of Literature

Pricing is one of the prime problems of the handlooms sector and the handloom society covers only the direct expenses i.e. cost of raw materials and wages while fixing the price of handloom fabrics. The indirect expenses in the form of overheads is not taken into account while fixing the price of handloom products (Gurumoorthy and Rengachary, 2002). The saleability of the handloom products are affected by the pricing strategy and the co-optex should offer stable pricing mechanism and society should adapt competitive pricing strategy and involve in product diversification (Lopoyetum, 2002). Due to fluctuations in the yarn prices the handloom industry is unable to stick to any definite price of the end products (Tripathy 2009).

The major difficulty of handloom weavers across the country is the non-availability of sufficient quantities of good quality yarn at reasonable prices (Niranjana & Vinayan, 2001). The raw material price increases every year and the cost of the handloom cloth has also increased than the powerloom cloth (Narsaiah and Krishna, 1999). Handloom sector and the handloom weavers have been put in danger by sharp rise in prices of yarn and other input dyes (Srinivasalu, 1994).

Methodology

The research design is descriptive in nature and the required primary data for analyzing pricing strategies of Handloom Products has been collected through self designed structured questionnaire method. A sample of 140 Handloom Weavers'



Co-operative Societies in Erode District was selected using stratified sampling technique. The variables pertaining to the price mix of the handloom societies have been prepared on a five point scale to give maximum accuracy in response to the statements. Accordingly, the scale ranged from ‘Strongly agree’ to ‘strongly disagree’ and for rating questionnaire, the rate has been assigned as ‘1’ as the highest, ‘5’ for lowest. Totally 21 statements were included in the questionnaire to decode the price mix attributes followed by Handloom Weavers’ Co-operative Societies.

Limitations

The study is restricted to registered Handloom Weavers’ Co-operative Societies in the District and the policy decisions may be required from the Government to execute the suggestions given in the study.

Hypotheses Developed

To study the factors influencing the price mix of Handloom Weavers’ Co-operative Societies the following hypotheses have been framed.

Hn₀₁: There is no significant difference between the year of establishment of the Handloom Societies and price mix.

Hn₀₂: There is no significant difference between the number of members in the handloom Societies and Price mix.

Hn₀₃: There is no significant difference between the number of working members in the Societies and Price mix.

Hn₀₄: There is no significant difference between number of products sold in societies and Price mix.

Results & Discussion

Table 1: Price Mix Of Handloom Products

Factors Influencing Pricing Decisions		SA	A	N	DA	SDA
1.	Raw material price	124(88.6)	7(5.0)	4(2.9)	2(1.4)	3(2.1)
2.	Market competition	17(12.1)	28(20.0)	32(22.9)	27(19.3)	36(25.7)
3.	Market demand	62(44.3)	55(39.3)	7(5.0)	2(1.4)	14(10.0)
4.	Government regulations	108(77.1)	18(12.9)	4(2.9)	3(2.1)	7(5.0)
5.	Pricing objectives	28(20.0)	52(37.1)	34(24.3)	5(3.6)	21(15.0)
6.	Purchasing power of consumer	22(15.7)	15(10.7)	33(23.6)	34(24.3)	36(25.7)
7.	Perceived value of the product	14(10.0)	11(7.9)	53(37.9)	11(7.9)	51(36.4)
Pricing Strategy						
8.	Cost based pricing strategy	113(80.7)	27(19.3)	0	0	0
9.	Differential pricing strategy	8(5.7)	3(2.1)	8(5.7)	15(10.7)	106(75.7)
Pricing Objectives						
10.	Profit maximization in short run	52(37.1)	8(5.7)	7(5.0)	3(2.1)	70(50.0)
11.	Profit optimization in long	72(51.4)	47(33.6)	6(4.3)	5(3.6)	10(7.1)
12.	Liquidation of accumulated inventory	13(9.3)	22(15.7)	52(37.1)	13(9.3)	40(28.6)
13.	Deeper penetration into the market	102(72.9)	21(15.0)	3(2.1)	1(0.7)	13 (9.3)
14.	Ensuring a specified targeted sales volume	20(14.3)	15(10.7)	38(27.1)	26(18.6)	41(29.3)
15.	Discouraging new entrants .	19(13.6)	21(15.0)	32(22.9)	14(10.0)	54(38.6)
16.	Creating interest and excitement about a product	61(43.6)	40(28.6)	18(12.9)	5(3.6)	16 (11.4)
Rebate						
17.	Provides rebates throughout the year	126(90.0)	14(10.0)	0	0	0
18.	Provides rebates during festivals	82(58.6)	58(41.4)	0	0	0
19.	Offers 20 % rebate	119(85.0)	21(15.0)	0	0	0
20.	Offers 30 % rebate	95(67.9)	45(32.1)	0	0	0
21.	offers 40 % rebate	107(76.4)	33(23.6)	0	0	0

It could be substantiated from Table No: 1 that 88.6 percent of the societies have strongly agreed that they consider price of raw material as an important factor while fixing the price for the product followed by Government regulations. 80.7 percent of the societies have strongly agreed cost based pricing strategy as their most predominantly used pricing strategy , 72.9 percent of the societies have strongly agreed their pricing objective as deeper penetration into the market, 90.0 percent of the societies have strongly agreed that they provide rebates throughout the year. Hence it is found from the analysis that majority



of the societies considered price of the raw material as an important factor while fixing the price. The societies follow cost based pricing as a predominant pricing strategy. Moreover, all the societies are offering 20% rebate throughout the year and they consider price quality relationship of handloom products as low price high quality.

Table 2: Year of Establishment and Price Mix(Two-Way Table)

S. No.	Year of Establishment	Price Mix			Total	Mean
		Low	Medium	High		
1	5-20 years	8 (28.6%)	12 (42.9%)	8 (28.6%)	28	121.7
2	21-40 years	13 (15.3%)	56 (65.9%)	16 (18.8%)	85	124.2
3	Above 40 years	3 (11.1%)	12 (44.4%)	12 (44.4%)	27	129.4
Total		21	70	49	140	

Table 2.1: Year of Establishment and Price Mix(Anova Test)

Source	SS	DF	MS	F	S
Between Groups	1.479	2	.739	1.893	Not Significant
Within Groups	53.514	137	.391		
Total	54.993	139			

It could be interpreted from the above Table No: 2 & 2.1 that the societies which are above 40 years has the highest mean score value(i.e 129.4 The calculated 'F' value is lesser than the table value and the result is not significant and hence the null hypothesis is accepted.

Table No. 3 Number of Members and Price Mix (Two-Way Table)

S. No.	Number of members	Price Mix			Total	Mean
		Low	Medium	High		
1	Upto 200 members	12 (16.0%)	43 (57.3%)	20 (26.7%)	75	124.5
2	201-300 members	4 (12.5%)	21 (65.6%)	7 (21.9%)	32	125.7
3	Above 300 members	8 (24.2%)	16 (48.5%)	9 (27.3%)	33	124.2
Total		24	80	36	140	

Table No. 3.1 Number of Members and Price Mix (Anova Test)

Source	SS	DF	MS	F	S
Between Groups	.540	2	.270	.390	Not Significant
Within Groups	94.860	137	.692		
Total	95.400	139			

From The Above Table No 3 & 3.1, It Is Noted That The Societies Which Have Between 201-300 Members Has The Highest Mean Score Value (125.7) .The Calculated 'F' Value Is Lesser Than The Table Value And The Result Is Not Significant And Hence The Null Hypothesis Is Accepted.



Table No. 4 Number of Working Members and Price Mix (Two-Way Table)

S. No.	Number of working members	Price Mix			Total	Mean
		Low	Medium	High		
1	Upto 200 members	19 (17.6%)	60 (55.6%)	29 (26.9%)	108	125.3
2	201-300 members	2 (13.3%)	10 (66.7%)	3 (20.0%)	15	123.8
3	Above 300 members	3 (17.6%)	10 (58.8%)	4 (23.5%)	17	121.2
Total		24	80	36	140	

Table No. 4.1 Number of Working Members and Price Mix (Anova Test)

Source	SS	DF	MS	F	S
Between Groups	.128	2	6.389E-02	.133	Not Significant
Within Groups	65.722	137	.480		
Total	65.850	139			

It is determined from the above Table No 4 & 4.1 that the societies which has up to 200 as their working members has the highest mean score value(i.e 125.3) The calculated 'F' value is lesser than the table value and the result is not significant and hence the null hypothesis is accepted.

Table No. 5, Products Sold In Handloom Societies and Price Mix (Two-Way Table)

S. No.	Pricings sold in handloom weavers	Price Mix			Total	Mean
		Low	Medium	High		
1	Bed sheet	7 (22.6%)	19 (61.3%)	5 (16.1%)	31	120.0
2	Sarees	1 (5.9%)	10 (58.8%)	6 (35.3%)	17	129.7
3	Jamakkalam	5 (21.7%)	13 (56.5%)	5 (21.7%)	23	122.4
4	Duster	1 (4.8%)	13 (61.9%)	7 (33.3%)	21	129.3
5	Two products	6 (26.1%)	9 (39.1%)	8 (34.8%)	23	124.8
6	More than two products.	4 (16.0%)	16 (64.0%)	5 (20.0%)	25	125.6
Total		24	80	36	140	

Table No. 5. 1, Products Sold in Handloom Societies and Price Mix (Anova Test)

Source	SS	DF	MS	F	S
Between Groups	1.274	2	.637	.194	Not significant
Within Groups	449.376	137	3.280		
Total	450.650	139			

It is observed from the above table No 5 & 5.1 that that 129.7 percent of mean score towards products sold in handloom weavers belongs to sarees. The calculated 'F' value is lesser than the table value and the result is not significant and hence the null hypothesis is accepted.

Suggestions

The study found that majority of the handloom Societies are following cost based pricing strategy and hence it is suggested that considering intrinsic design ,artistic work ,nature of dye and quality of yarn more innovative pricing strategies like differential pricing strategies and value based pricing strategies can also be employed .



Conclusion

From the analysis it is very evident that all the registered Handloom Weavers' Co-operative Societies in Erode District follow a homogeneous pricing strategy called cost based pricing strategy. In order to attract the customer base the handloom societies can fix the price based on the demand of the handloom products in the market. The societies can further focus on the Unique Selling Proposition of handloom products and introduce new designs as per the ongoing trend and fix the price accordingly.

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