

An Analysis of Influencing Factors of Handicraft Retail Sector



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This study focuses on the retail sector of handicraft in Varanasi city, Uttar Pradesh, as an important segment between producers and users of craft items. The retail sector of craft provides a significant platform where producers sell their crafts and customers buy craft items according to their uses. In this study, we investigate the most prominent issues related to the retail sector, which negatively affects the growth of crafts selling.

The major influencing factors of the retail sector are customer's conformity, Information dissemination, shop's visibility, customers' demands, and retailer's choices. These factors help to strengthen the bonding between the producers and users of the craft items and it helps the artisans to produce crafts according to the customers.

The paper is divided into four sections in which, the first section discusses about the retail sector of handicraft craft and the methods of selling the craft items. The next section includes the review of literature related to the different aspects of the retail shops. The next section deals about the objectives and research method of the paper and fourth section deals with the data analysis and interpretation of the study of the retail sectors of the crafts. The last section includes the findings and conclusions, which highlighted the most influencing factors which adversely affects the selling of the craft products.

Keywords: Handicraft, Retailer, Artisans, customers etc

INTRODUCTION

The word 'retail' means the sale of goods or merchandise in small quantities directly to consumers. Retailing can be defined as a distribution channel functions, where organization buying the product from supplying firms or manufacturing the product themselves, sells these directly to consumers.

Indian handicraft retail sector is highly unorganized in nature with domestic market lacking adequate visibility. However, there is a good scope for leading industry players to invest and to expand the segment and gain by fulfilling the international demand and also make a profit in the domestic market to increase the awareness among the customers. Most of the manufacturers have their own independent retail shop engaged in the selling of crafts.

Organized retailing has a strong supply chain, excellent in-store services, value-based price, distribution network and classical positioning of the craft products which influence in the success of the handicraft sector. Companies such as FabIndia, Hansiba, Mother Earth and Anokhi are key players of organized handicraft

retailing. FabIndia is the most successful social enterprise which includes poor people in their supply chain thereby providing economic benefits and social security.

Crafts retail includes diverse products from across the region, which sell through commercial outlets, producers' outlet and galleries, which should be cost effective and meet customers demand (Kaiser, 2007).

Gandhi Shilp Bazaar/Crafts Bazaars and Gamin Haat are organized retail activities which are planned at national and international level and have an important medium of marketing that provides a common platform where crafters develop a relationship with the retailers and customers. The retailer uses the following methods to sell their products.

1. Direct retail by Producers
2. Wholesaler, retailers, and agents
3. Street vendors
4. Craft and flea markets and festivals – local melas and festivals
5. Specialist outlets and Boutiques

6. Gandhi Shilp Bazaars/ Crafts Bazaars
7. Galleries and Museum Shops
8. Gramin Haats
9. Mainstream Retailers

Generally, artisans, who are working independently or in a group to sell their crafts in domestic and foreign markets, a tie-up with the agents, wholesaler, exporters etc. before manufacturing the craft. There are the following channels through which craftspeople sell their goods. A buying agent is an individual or firm belonging to the producing country or in some case within the region. This actor is responsible for interaction with craftspeople such as communication, ordering, sampling, production, quality, labeling, packaging and payment etc. The buying agent is a medium for the exchange of goods and services on a paid basis.

REVIEW OF LITERATURE

Review of literature provided a framework for the research and there are few kinds of literature which is based on the craft sector. According to the Neha Nagori et. al. (2012) emphasized the importance of the retail sector to make available the craft products according to the need and demand of the customers. Accordingly, Vainio-Korhonen, K. (2000), opined that most of the handicraft artisans engaged or worked as a profession. The researcher conducted his study in Turku and pointed out that men and women worked separately in their social, economic and political premises. He found that if a man wanted to start his carrier in the handicraft sector, he should need formal training, pay tax liability and worked in an organized form. Handicraft work gave them social power and prestige but they required proper documents to continue the work. But in the case of women artisans, the work was almost unregulated, did not required proper training, untaxed, had no status, was poorly documented and worked in unorganized form. These show the gender biasedness in the practices of handicraft production, which was not the healthy practices in that region. Therefore we need to provide equal facilities and opportunities to both men and women for the growth and development of the handicraft sector.

According to the Venkataramanaiah, S., & Kumar, N. G. (2011) due to the increasing global competition, economic development, and technological advancement the competitiveness in the handicraft sector increased. Therefore, we should be focused on those competitive advantages which provide competitive edged during production, selling and marketing of the craft items. Harris, J. (2014) opined that

cost structure, hiring practices and intra-industry relationship in crated adversely affect production and retailing activities of the craft sector. Tero and Erkki (1979) found that formulation of marketing strategy depends upon the different market condition and objectives like non- adaptive, time- dependents, competitively adaptive, sales responsive and profile responsive strategy which helps to capture the market due to the changes in seasonal growth, merchandising and competitive aspects of the markets.

Yoram et.al (1973) said that sophisticated management approaches has a vital role for formulating international marketing strategy in which four types of altitudes or orientation has played a significant role like ethnocentrism (Home country orientation), polycentrism (Host country orientation), regiocentricism (a regional orientation) and Geocentrism (a World orientation). These depend upon the different market environment and intracompany factors on the basis of cost and benefits of the firms. Nigel et.al (2011) opines that the role of strategic management is very important in marketing management because the traditional approach of marketing has not been playing a significant role in the real world of business. The educational organization and training center has a tough task for the strategy management to design and delivery the education.

Yihao and Yuning (2010) found that consumer's psychology is an important strategic aspect through which industries should design their crafts products. Handicraft industry has facing different types of problems regarding detachment from the modern manufacturing technique, large flexibilities in design and have less knowledge related to the different types of promotional activities etc. R. Ramaswamy (2013) opined that the handicraft promoting federation should play a significant role in increasing the competition at the local, National and International level and the marketing research is the part of the marketing management, which has an unavoidable position to know the test and preferences of the customers in the craft markets.

Kumar and Rajeev (2013) said that this the era of e-commerce. The Internet has been playing a vital role to provide a common platform for each and every business. It is a cheap and strong medium through which consumers easily know about any products features, price, availability, accessibility, order the products, paying the prices etc. handicraft industry needs this medium to markets their products which has an effective way through which the small retailers take these benefits after small investment and it covers large

proportion of the customers including local, national and international as compared to the other medium of the of advertisement like banner, poster, pump lets, exhibition etc. Ghosh and Craig (1983) suggested that the location of the retail outlet has played a key in the changing environment because it helps in predicting the possible competition in the future and what are the changes have been taken place after demographical changes in the future. It is necessary to make a plan before opening the retail shop.

S. M. Ghouse (2012) talked about the different problems has been facing by the handicraft industry like licensing problems, low demands, lack of access to raw material, shipping problems, internet connectivity and lack of market awareness etc. which make this industry incapable to fully utilized their ability to give maximum productivity. The Indian retail industry is the fifth largest retail industry in the World and it comprises of both organized and unorganized retail format. Indian retail industry is the fastest growing sectors, which has immense opportunities to fulfill the diversifying Indian customers' demands. (Sunita and Dipti 2012). According to a joint study by ASSOCHAM and Yes Bank the overall retail market in India has been growing at the rate of 15 percent and it will reach near Rs 47 lakh crore in 2016-17 and it stood at Rs. 23 lakh crore in 2011-12. It shows the future prospects of the retail sectors in India.

RESEARCH METHODOLOGY:

Objective: To examine the factors which influence the retail sector of handicraft.

The present research paper is descriptive as well as exploratory in nature and the population of the study was all the handicraft retailers in Varanasi district of Uttar Pradesh. The total sample size was 62 handicraft retailers and snowball sampling technique was used for the collection of primary data. Different reports, research paper, annual reports of handicraft etc. were used during the preparation questionnaire and in-depth knowledge of the handicraft sector. Descriptive and factor analysis methods were used to know the influencing factors of handicraft retail during analysis.

Analysis and Interpretation

Descriptive statistics

The descriptive statistics depicted that, 95.20% respondents were male and 4.80% female and the average age group of persons involved in the selling of handicraft products were in the age group of 31-40 years, which constituted 35.50% followed by the age group of 51-60 constituting 25.80%. 61.30% respondents were a family size 5-8 members and 17.70% respondents

were a family size 9-12 members in their family and the average monthly income of the 50% respondents were Rs. 5001-10,000 and 19.4% of respondents were monthly income Rs. 5,000 per month.

Reliability

Table No. 1 Reliability

Scale: All Variables

	N	%
Valid	62	100.0
Excluded	0	.0
Total	62	100.0

a. List deletion based on all variables in the procedure

Table No. 2 Reliability Statistics

Reliability Statistics	
Cronbach's Alpha	No of items
.716	18

A total of 62 complete responses were obtained out of 115 retailers approached. The reliability test was employed on the response received from retailers of the handicrafts. The reliability of the data was checked by calculating Cronbach's-alpha (α) which was found to be .716 ($> .70$), well within acceptable range.

Factor Analysis

Exploratory factor analysis helps to investigate the underlying dimensions that could cause correlation among the observed variables and also it leads with building theory.

Table No. 3 KMO and Bartlett's Test

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.525
Bartlett's Test of Sphericity	Approx. Chi-Square	1388.622
	df	378
	Sig.	.000

Factor analysis through principal component analysis with varimax rotation method was applied on retailers experience towards handicraft selling' questionnaire and items with factor loading above 0.40 were considered to determine items clubbed into a single factor.

Further, the measure of sampling adequacy through KMO comes out to be .525 and Bartlett's test of Sphericity indicate the Chi-square of 1388.622 with $df = 378$, $p = .000 < 0.05$. These values indicate the appropriateness to proceed with factor analysis. Five factors emerged prominently covering 57.622 percent variance.

Table No. 4 Total Variance Explained

Component	Total Variance Explained								
	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4.016	14.342	14.342	4.016	14.342	14.342	3.768	13.458	13.458
2	3.611	12.897	27.239	3.611	12.897	27.239	3.591	12.824	26.282
3	3.344	11.942	39.181	3.344	11.942	39.181	3.107	11.096	37.277
4	2.781	9.932	49.114	2.781	9.932	49.114	3.083	11.011	48.389
5	2.382	8.508	57.622	2.382	8.508	57.622	2.585	9.233	57.622

The identified factors were analyzed for a common thread and accordingly the naming of the factors was performed.

Table No. 5 Factors Identified

S. N.	Factor	Variables
1.	Customers Conformity	Customers utilitarian value
		Customers demand unique craftsmanship
		Handicraft sell eco-friendly crafts
		Handicraft maintenance
		Decision making during shopping
		Customers attracted to new design
2.	Information Dissemination	Inform latest development
		Tourist Guide a publicity modules
		Handicraft catalog for customers
		Advertisement
3.	Shop's Visibility	Circulate Pamphlets
		Handicraft retail shops at the tourist center
		Handicraft exhibition for visibility
		Handicraft haats impact on sales
		Significantly known handicraft demands
4.	Customers Demand	Shop shelf helps in decision making
		Machine made craft cheaper handmade
		Quality maintenance is a major concern
		Sell increase during festivals
5.	Retailers Choice	Price hardly matter for traditional
		Sell aesthetic handicraft
		Being a manufacturer-retailer an edge over competitors
		Sell authentic handicraft
		Sell unique handicraft items
		Sell traditional along with machine made

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

Findings:

The first factor comprises items handicraft utilitarian value, unique craftsmanship, eco-

Table No. 6 Rotated Component Matrix

	1	2	3	4	5
Customers utilitarian value	.722				
Customers demand unique craftsmanship	-.611				
Handicraft sell eco-friendly crafts	.712				
Handicraft maintenance	.671				
Decision making during shopping	.686				
Customers attracted to new design	.595				
Inform the latest development		.734			
Tourist Guide a publicity modules		.446			
Handicraft catalog for customers		-.669			
Advertisement		-.594			
Circulate Pamphlets		.488			
Handicraft retail shops at the tourist center			.643		
Handicraft exhibition for visibility			.595		
Handicraft haats impact on sales			-.580		
Significantly known handicraft demands			-.469		
Shop shelf helps in decision making			.437		
Machine made craft cheaper handmade				.784	
Quality maintenance is a major concern				.525	
Sell increase during festivals				.679	
Price hardly matter for traditional				.760	
Sell aesthetic handicraft					-.635
Being a manufacturer-retailer an edge over competitors					.816
Sell authentic handicraft					.654
Sell unique handicraft items					.632
Sell traditional along with machine made					-.569

friendly in nature, handicraft maintenance, decision making during shopping and customer's attraction towards crafts with loading 14.342% and the factor was named as customers' conformity.

The second factor comprises items Inform the latest development, tourist guide publicity modules, catalog for customers, advertisement and circulates pamphlets with loading 12.897% and the factor was named as Information Dissemination.

The third factor comprises items handicraft retail shops at the tourist center, handicraft exhibition for visibility, handicraft haats impact on selling, significant known retail shops and shelf help in decision making with loading 11.942% and the factor was named as shop's visibility.

The fourth factor comprises machine made craft items, quality products, sale increase during festivals and price hardly matter for traditional with loading 9.932% and the factor was named as customers' demands.

The fifth factor comprises items such as aesthetic handicraft, manufacturer edge, sale authentic handicraft, sale unique craft items and sells traditional items along with machine-made with loading 8.508% and the factor was named as retailer choice.

Conclusions:

It could be concluded that the retailers agreed to the fact that the customers demand handicraft products with high utilitarian value and aesthetic sense. Further, the retailers did not take any step either for providing information at tourist desk in the form of pamphlets or catalogs to generate awareness among the customers for handicraft products, though, they sold only genuine products.

It was also necessary for the retailers to maintain a website and consciously display a new product, which they prominently display in the shops, or, while participating in exhibitions. The rigidity of the retailers not to take up any promotional activity could act as a hindrance in the promotion and growth of handicraft products. Further, the problem gets aggravated, when the retailers are resorting to selling machine made products, even though, they are aware that the customers demand handmade products with unique craftsmanship. The encouraging fact is that there is an increase in sales during special occasions for handicraft products.

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