



Marketing issues and operational problems of export marketing of Indian readymade garments

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Abstract

Export marketing is a systematic process of developing and distributing goods and services in overseas markets. The export marketing manager needs to undertake various marketing activities, such as marketing research, product design, branding, packaging, pricing, promotion etc. But the road of export marketing is not so smooth and process of developing and distributing goods in overseas markets especially readymade garments cannot perform without facing difficulties. There are several problems the Indian Readymade Garments Industry while exporting to developed countries. Export Marketing of Indian readymade garments is commonly observing problems while exporting readymade garments such as “Increases Cost”, “Market risks and Uncertainties”, “Changes of Readymade Garments Design”, “Recession in world market”, “Changes of Technology”, “Fluctuations in Exchange Rate”, “Unstable Political Environment” and “Lack of Infrastructure”. The study is limited to the Indian Readymade Garments Industry represented by “Export Marketing”. Due to level of complexities involved and thereby the feasibility of extending the findings, the scope of the present study is limited to large organizations with employees’ strength more than 2,000 and which are in existence for at least three years.

Keywords: export marketing, readymade garments, problems of export marketing, international competitors

1. Introduction

Export marketing is the management of marketing activities for products which cross the national boundaries of a country. Export marketing involves the creation, documentation, pricing and promotion of an offering that attract foreign customers and buyers. In most cases the offering will be made available and distributed through an overseas agent or distributor. Ready-made garments are mass-produced finished textile products of the clothing industry. They are not custom tailored according to measurements, but rather generalized according to anthropometric studies. They are made from many different fabrics and yarns. Their characteristics depend on the fibers used in their manufacture.

India is the sixth largest supplier of readymade garments in the world with a 3.7 per cent share in global exports, as per the World Trade Integrated Solutions database of 2013. Export Marketing of Indian readymade garments is commonly observing problems while exporting readymade garments such as “Increases Cost”, “Market risks and Uncertainties”, “Changes of Readymade Garments Design”, “Recession in world market”, “Changes of Technology”, “Fluctuations in Exchange Rate”, “Unstable Political Environment” and “Lack of Infrastructure”.

2. Literature Review

The development of exports, especially of nontraditional goods, is a major component of the economic policies of many Third World countries, including India. Successful export programmes have to be based on sound product market strategies. A system is developed by which an exporter from an underdeveloped country, facing a highly competitive world

market, can screen products and markets. The approach is based upon the ability of the exporter to make a very fine interpretation of factor intensities. The output of the model is in terms of factor combinations which have to be translated into actual product offerings. Nikhilesh D and Rakesh K (2001)

Export Marketing in India Expects Further Expansion Posted by Nick in Textiles and Garments. The export marketing in India has historically been one of the most important segments of the textile industry in India. The Indian exporting apparel market is one of the largest contributors to India’s economy, providing millions with employment while making significant contributions to India’s annual GDP and export earnings. Today, India is the world’s 6th largest exporter of readymade garment products, registering over US\$17 billion in readymade garment export value annually. Roy and Verma (1999), Ramaswamy and Gereffi (1998).

The reasons quoted by industry experts for gradual decline of the blazer in the share of clothing industry in the global market include reluctance to meet the international quality specifications, inability to specialize in one segment and missing delivery schedule. Thus the government needs to ponder over reasons for decline in blazers in clothing industry’s share in the global market. Deshpande P, (2009) [6], Prasad N, (1997) [11].

India is strategic to be a superpower of manufacturing of blazer in 2005. Its clothing and textile industry is preparing for quota removal by investing to expand capacity. Potential problems however are those current Indian labors laws make it easier to manage smaller separate factories than one large factory. India has good design, availability of raw materials,

the English Language and less labor cost and its legal system provides protection for workers' rights. Khanna (1991), Gokhle and Vijaya Katti, (1995).

Export marketing in India dwells an important place in the economy of the country and supplies substantially to earnings of export. The clothing industry is the second largest provider of employment in India after agriculture. Clothing makes up around 17% of entire exports. The clothing industry also offers straight employment to almost 36 billion employees considering a significant amount from the socially excluded class people. Tarlo E, (1996), Krugman, (2007).

The clothing industry accounts for 7% of world exports. In the last 10 years there has been a vast growth in the textile industry. Today clothing industry is considered to be the major export earners by gaining \$4.5 billion. Cooklin G, Hayes S G (2004)^[5], McLoughlin JJ, (2006)^[6].

The Indian Apparel Industry is amongst the fastest growing industries in India today. Its impact on the Indian economy can be assessed not only in terms of its significant contribution to India's industrial production, but also employment generation and foreign exchange earnings. Goyal S K, (2017), Hashim S R., (2017).

Apart from the major Free Trade Agreement (FTA) with the European Union, Trans-Pacific Partnership (TPP), and other favorable plans for readymade garment exports, the Indian government has also allocated a sum of over Rs. 2,200 crore incentives and subsidies to its readymade garment sector since 2016. Many industry experts believe that with the strong support from the government, the readymade garment industry in India is expected to have a more promising future. Rudolf M, (2011), Murthy M R and Ranganathan K V K, (2009)^[8].

The Government of India announced a set of measures to enable the exporters of clothing to tide over the difficulties. For making the Indian clothing industry globally rivalry to others there is required to denote upon the improvements of technology, export diversification and better product designing. Rao Y N, (1994), Koshy D O, (1997).

3. Rationale of the Study

1. Ready Made Garments Industry contributes significantly to employment generation and export earnings, besides meeting the domestic demand for clothing.
2. The Readymade Garment Industry is the largest foreign exchange earning sector of the country.
3. India has an advantage over other garment exporting countries due to easy availability of raw materials, cheap skilled labour and exquisite production of high end apparels with intricate embellishments.
4. The research study is feasible to identify all those problems and find out the necessary solutions.

4. Nature of the Study

The research study was Empirical in nature and the required data were collected through experimentation or observation of the researcher. This was needed to observe the respondents (i.e., Directors, Managers, Employees and other stakeholders) and their reactions regarding export marketing of Readymade Garments. The researcher noted down all matters as a source of information during semi-structured interview and secondary sources. Because all Export Marketing related

activities are dynamic in nature and the concept of "Export Marketing" keeps on changing with changes in person and situation, the researcher considered the trend related factors to identify the changes happened time to time. The Empirical research study was adopted due to the nature of the study.

5. Statement of Problems

It is challenge for an exporter to create a position in the market without encountering difficulties and problems. Difficulties arise in various areas of trade like arrangement of finance, recovery of debts, rejection of a consignment, change in government policies, labour unrest and many such unexpected situations. They could be of personal or professional in nature. The developed countries are equipped with sophisticated technologies capable of transforming raw materials into finished goods on a large scale. On the basis of survey, personal observations and interview, the study has revealed the most common problems related to export marketing of readymade garments in India.

6. Objectives of the Study

Based on the above statement of problems, the following objectives were derived

1. To examine the operational problems related to export marketing of Readymade Garments.
2. To find out marketing issues of export marketing of readymade garments.
3. To study financial problems related to export marketing of readymade garments.

7. Research Methodology

The research methodology consisted of identification of key categories of factors and subsequently the constituent factors under each category through three iteration Delphi Technique wherein the Delphi panel consisted 10 experts having diverse background. Research Methodology is the combination of methods of data collection and methods of data analysis after Research Design.

8. Result and Analysis

Semi-structured interview responses with respect to problems of export marketing of Indian Readymade Garments were collated in terms of number of responses. Table -1 represents the details about the common operational problems of export marketing of readymade garments.

The analysis is based on objective no. 1 i.e., examine the operational problems related to export marketing of Readymade Garments. Various operational problems have extracted by talking to Export Marketing practitioners. The Export Marketing practitioners have given their valuable opinion and the most frequent opinion occurrence predominantly identified. Table 1 shows the common operational problems of export marketing especially in readymade garments. The Export Marketing practitioners have given their valuable opinion regarding operational problems of export marketing especially in readymade garments with maximum frequency occurrence in percentage.

"Increases cost" is the main problems faced by export marketing especially readymade garments. The experts have given their first preferences around 19 percent of respondents.

“Market risks and uncertainty” is the second highest around 15 percent respondents identified about the problems of export marketing.

“Changes of Readymade Garments Design” is another problem of export marketing which contains around 13 percent of opinion of experts.

“Recession in world market” is the problem of export marketing of readymade garments which contains 12 percent of opinion.

Total 11 percent respondents said “Changes of Technology” is a problem of export marketing.

Total 8 percent respondents given their opinion about “Fluctuations in Exchange Rate” is a problem of export marketing of readymade garments.

“Unstable Political Environment” contains 7 percent of opinion about problem of export marketing.

“Lack of Infrastructure”, “Problem of product standards” and “Delay in Shipment” are having 6 percent, 5 percent and 4 percent respectively the opinion regarding problems of export marketing.

Table 1: The Operational Problems of Export Marketing of Readymade Garments (Based on Responses to Semi-Structured Interview Schedule)

SL. No.	Operational Problems of Export Marketing	Frequency of Occurrence in Percentage
1	Increases Cost	19
2	Market risks and Uncertainties	15
3	Changes of Readymade Garments Design	13
4	Recession in world market	12
5	Changes of Technology	11
6	Fluctuations in Exchange Rate	8
7	Unstable Political Environment	7
8	Lack of Infrastructure	6
9	Problem of product standards	5
10	Delay in Shipment	4

Source: Compiled By the Researcher

Table -2 represents the details about the Common Marketing Issues of Export marketing of Readymade Garments. The analysis is based on objective no. 2 i.e., various marketing issues of export marketing of readymade garments. Various marketing issues of export marketing of readymade garments have extracted by talking to Export Marketing practitioners. The Export Marketing practitioners have given their valuable opinion and the most frequent opinion occurrence predominantly regarding marketing issues of export marketing of readymade garments. Table 2 shows the marketing issues of export marketing of readymade garments. The Export marketing practitioners have given their valuable opinion regarding marketing issues of export marketing with maximum frequency occurrence in percentage.

Export marketing practitioners indicates “Market risks and Uncertainties” is the most frequent occurrence 25 percent of marketing issues of export marketing of readymade garments.

“Highly competitive market” is the second frequency of occurrence in percentage around 18 percent of marketing issues of export marketing.

According to export marketing experts “Problem of product

standards” is having 13 percent of frequency of occurrence in percentage.

“Problems of Global Pricing” is having 12 percent of frequency of occurrence in percentage.

“Issues related to channel of distribution” is having 11 percent of frequency of occurrence in percentage.

“Issues related to Export Promotion” is having 8 percent of frequency of occurrence in percentage.

“Changes of Readymade Garments Design” is having 7 percent of frequency of occurrence in percentage.

“Changes of Technology” is having 6 percent of frequency of occurrence in percentage as marketing issues of export marketing.

Based on the results related to marketing issues of export marketing the “Market risks and Uncertainties” consider the major problems to be faced by the export marketer especially Indian Readymade Garments Industry. Indian Readymade Garments also facing the highly competitive market while exporting readymade garments.

Table 2: Marketing Issues of Export Marketing of Readymade Garments (Based on Responses to Semi-Structured Interview Schedule)

SL. No.	Marketing Issues of Export Marketing	Frequency of Occurrence in Percentage
1	Market risks and Uncertainties	25
2	Highly competitive market	18
3	Problem of product standards	13
4	Problems of Global Pricing	12
5	Issues related to channel of distribution	11
6	Issues related to Export Promotion	8
7	Changes of Readymade Garments Design	7
8	Changes of Technology	6

Source: Compiled By the Researcher

Table - 3 represents the details about the Common financial problems related to Export Marketing of Readymade Garments. The analysis is based on objective no. 3 i.e., financial problems related to export marketing of readymade garments. The Export Marketing practitioners have given their valuable opinion and the most frequent opinion occurrence predominantly regarding financial problems of export marketing of readymade garments. Table 3 shows the financial problems of export marketing of readymade garments.

The export marketing experts indicates “Increases Cost” is most import financial issue need to be addressed while exporting readymade garments.

“Recession in world market” is having 18 percent frequency of occurrence in percentage while exporting readymade garments.

“Fluctuations in Exchange Rate” is another important financial problem of export marketing of readymade garments and having 15 percent of frequency occurrence.

“High Interest Rates of Loans” indicates 12 percent of frequency of occurrence as financial problems of exporting of readymade garments.

According to experts “Problem of getting subsidies” is having 10 percent of frequency of occurrence.

Similarly, “Problems related to collection of credit”, “Problems of Working Capital” and “Longer period of Break

Even Point” are having 8 percent, 7 percent and 5 percent of frequency of occurrence related to financial problems.

Table 3: Various Financial Problems of Export Marketing of Readymade Garments. (Based on Responses to Semi-Structured Interview Schedule)

SL. No.	Financial Problems of Export Marketing	Frequency of Occurrence in Percentage
1.	Increases Cost	25
2.	Recession in world market	18
3.	Fluctuations in Exchange Rate	15
4.	High Interest Rates of Loans	12
5.	Problem of getting subsidies	10
6.	Problems related to collection of credit	8
7.	Problems of Working Capital	7
8.	Longer period of Break Even Point	5

Source: Compiled By the Researcher

9. Conclusions

The research study was Empirical in nature and the required data were collected through experimentation or observation of the researcher. Various valuable opinions regarding export marketing of Readymade Garments, problems of export marketing of readymade garments were recorded in a systematic manner. The common problems were identified and taken into considerations. Because all Export Marketing related activities are dynamic in nature and the concept of “Export Marketing” keeps on changing with changes in person and situation, the researcher considered the trend related factors to identify the changes happened time to time.

10. Suggestions and Recommendations

The main suggestions are given below:

- The research work restricted to problems of export marketing of readymade garments organizations. The readymade garments contribute maximum GDP for Indian Export Marketing Sector directly and indirectly linked to other sectors.
- To get deeper insights a comparative study involving Indian and Multinational Export Marketing Organizations may be undertaken. The selected readymade garments sectors related to research work not only lead to Indian economy but also represents to the world economy. Most of the selected organizations are characterized by Multi-national organizations.
- Realize that the role of the readymade garments export organizations has changed from selling and supplying only good quality of goods to provide services with immediate responses of foreign customers.
- Establish a system by which Indian garment manufacturers might benchmark quality and performance against one-another and eventually against international competitors.

The important recommendations for the Problems of Export Marketing of Readymade garments Sectors are given below

- While the problems of export marketing of readymade garments are encountered such as Increases Cost, Market risks and Uncertainties, Changes of Readymade Garments Design, Recession in world market, Changes of

Technology, Fluctuations in Exchange Rate, Unstable Political Environment, Lack of Infrastructure, Problem of product standards and Delay in Shipment the remedial measures need to be initiated by strengthening the prospects of export marketing.

- The export marketing organization should put efforts to reach out to new markets beyond the existing ones and be prepared for smart budgeting on product development, export promotion and trade show participation.
- The exporter should launch a skill up gradation program to take care of the scarcity of well-trained export policy makers and upgrading the skills of stitching operators to enable them to handle new types of machinery.
- The financial problems related to export marketing of readymade garments need to be addressed by decreasing production and economic cost, making smart policy during recession in world market, flexible pricing quotation to settle on fluctuations in Exchange Rate etc.

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