



An Analysis of Marketing Mix Strategies for Export of KhadiGramodyog Clothing from India to Nigeria

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ABSTRACT

Ministry of MSME is providing special incentives for promotion and introduction of Khadi and village industries' products in international market keeping in mind the potential growth opportunities for export of khadi sector, in the booming textile export growth of India in Nigeria. The objective of this research paper is to analyze the KhadiGramodyog Cotton, a clothing brand from India to Nigerian market, keeping in view the demographic and psychographic characteristics of this target market. The study looks at the major competition of the clothing and textile industry in Nigeria and their unique selling points based on the marketing mix elements strategies.

Keywords: Khadi, KhadiGramodyog, Export, Marketing-Mix Strategy

Introduction

The *KhadiGramodyog Cotton* or *Khadi Cotton* is a clothing brand from the KhadiGramodyogBhavan Company that was incorporated on October 16, 1957. The company was directly run by the Khadi and Village Industry Commission (KVIC) up until September 13, 1969 where it was handed over to the workers due to the decentralization policy of KVIC at the time. The *Khadi Cotton* is a clothing brand made from special premium selectively harvested Indian cotton. The Unique Selling Point of the *Khadi Cotton* brand is that; it is a versatile handwoven Indian fabric that is cool in summer and warm in winter because it is a premium selectively harvested cotton attached to the Indian culture and design.



The purpose of this research is to analyze and suggest the marketing mix element strategies for introducing *KhadiGramodyog Cotton* products from India to Nigerian market. The target buyers for the product is the semi to highly skilled adult population in Nigeria that are fashionable and trendy. This study also includes analyzing certain marketing mix strategies for *Khadi Cotton's* entrance to the Nigerian clothing and textile market and the level of competition.

The research analyzed the demographic and psychographic characteristics of the target market. The demographics are the high-income, highly skilled adults, both male and female from 20 – 60 years in Lagos and Abuja, Nigeria, and the Indian expatriates in Nigeria. The psychographic characteristics of the target market is that they are very fashionable, trendy, sociable and open to trying out new clothing brand.

The research looked at the major competition of the clothing and textile industry in Nigeria and their unique selling points. The companies considered are Sunflag Nigeria Limited, Daviva and Femro 3 Nigeria Limited. Also, an analysis was done on the uncontrollable external forces and constraints affecting *KhadiGramodyog Cotton* in Nigeria which range from Domestic Clothing & Textile Competition in Nigeria, Nigerian Consumer Behaviour towards Locally Made Fabric, and Challenging Distribution Structure across Nigerian Market to Existence of a Parallel Market in Nigeria for Most Pricey Imported Products.

Objectives of the Study

1. To analyze and study the scope of export of *KhadiGramodyog Cotton*, a clothing brand from India to Nigerian market.
2. To suggest strategies for introducing *KhadiGramodyog cotton* products from Indian to Nigerian Markets.
3. The study the tastes and preferences of target buyers in semi to highly skilled adult population in Nigeria.
4. The objective of the research is to introduce *KhadiGramodyog Cotton* by analyzing the current market situation of the Clothing and Textile market in Nigeria where it was



discovered that it is still a growing market and has potentials for further growth with different textile product available to different strata of market segments.

Research Methodology

The research is organized into six sections: Section 2 provides a current market situational analysis of the clothing and textile market in Nigeria. It contains explanations of the market size potentials, opportunities, and segmentations. The target market of *KhadiGramodyog Cotton* and characteristics of clothing and textile consumers in Nigeria and the major competition. Here, the uncontrollable external forces and constraints that could affect *KhadiGramodyog Cotton* to enter Nigerian market are discussed in Section 3 with a combination of suggested *Khadi Cotton* marketing mix strategies to enter the Nigerian market discussed in Section 4. In Section 5, some suggestions and discussion about the major key factors for *KhadiGramodyog Cotton* to enter the Nigerian market successfully was stated. Finally, the major findings of the analysis, recommendations and suggestions for *Khadi Cotton* entering the Nigerian market are summarized.

Literature Review

The National Planning Commission (1962) constituted a high-level rural industry planning committee. The committee was to review the progress of rural industries and to chalk out programmes for the intensive development of village and small-scale industries in rural areas. The committee in its research 'Projects for Intensive Development of Small-Scale Industries in Rural Areas', has stated that the artisans were not involved while preparing plans. They suggested that the artisans should also be involved right from the beginning.

Das (2001) in his article 'Khadi and Village Industries Programme- An Employment Evaluation' examined whether there existed any significant relationship between generation of employment and resource allocation. The study concluded that there was no significant relationship between resource allocation and employment generation either in Khadi or Village Industries.

VeenaMazumdar (2001) in her article 'Implication of NayaMargh' has analyzed the performance of KVIC with special reference to Khadi and the role of women as equal partners, participants, and beneficiaries in the programme as propounded by Gandhiji. Case



study of Amreli and Mehasana districts of Gujarat was undertaken. Performance and administrative structure of KVIC is less satisfactory as 70.0 per cent of time is spent on administrative procedures. She pointed out that KVIC is not following labour laws for the artisans and not giving maternity and other benefits to the rural women. KVIC does not have any specific target group like government's anti-poverty programme. It was also noted KVIC did not encourage active participation of workers in management. Gandhiji's concept of self-sufficiency was not applied. On the contrary, there was concentration or centralization of decision-making powers in an agency that was created to promote decentralized development. In the various evaluations and amendments of KVIC's structure and functions, the issues of women in respect of employment, wage rates and role in decision making were never posed an important consideration. At the national level, recommendation was given for fixation of target groups. Involvement of non-commercial organizations and education institutions was suggested.

Nainta (2001) in her article 'Traditional Products in the New Millennium, Challenges and Opportunities' expressed the view that there is a fear that traditional industry will not be able to face competition from the private sector. The modern expensive advertising techniques especially on television had a detrimental impact on already poor marketing structures of Khadi and village industries.

Brahmananda, Narayanan and Kallappa (2002) in their book 'Dimensions of Rural Development of India' has identified the defects of the village industries sector as traditional skills, inaccessibility to institutions and markets, inadequate information on market and marketing channels, resistance to change, inadequacies of credit, technology and lack of proper entrepreneurship training.

Vinod Deepak (2003) in his article 'Development Through Khadi and Village Industries' argued that khadi and village industries opened a novel way of self-employment, using local resources, traditional but improved techniques and tapping the market for such products locally as well as from nearby towns. To achieve this objective, the successive Central Governments had initiated several schemes and programmes since independence.

Kulshresta (2004) in his book 'Problems of Rural Industrialisation' has written that the village artisans neither want to leave their traditional way of working nor the modern



technological processes are being diverted towards rural segments. He also suggested that the rural worker would at least be provided with modern tools and equipments to make their work easier and quicker.

Madaswami (2004) in his article ‘Creating More Employment in the Rural Areas’ pointed out that village and cottage industries provide immediate large-scale employment and offer a method of ensuring a more equitable distribution of national income and facilitate effective mobilization of capital resource and skill. The principle of self-employment is motivated by offering various promotional schemes by both the Central and State Governments. The study concluded by observing that sample units failed to gain financial support from Khadi and Village Industries Board (KVIB) because of cumbersome procedures involving such financial assistance.

The Government of India (2005) appointed High Power Committee to study the status of Khadi and Village Industries and suggest perspective and operational plans. The committee in its Research captioned ‘Evaluation of the Working of Khadi and Village Industries’ noticed various shortcomings which have inhibited the growth of the sector such as inadequate flow of funds, lack of proper planning and financial control in the KVI institutions and boards, lack of trained personnel to guide the artisans and inadequate marketing and quality control. The committee prescribed a standard financing pattern. KVI sector will not be able to bear the entire burden of training artisans in the village industries sector in the country. There is need for education departments in the states to include KVI trades in their vocational training programmes. The committee also recommended that KVI sector should be treated separately from other sectors in respect of labour laws and that their participation in labour force is increased.

Kulwant Singh Pathania and Surrender Singh Metha (2009) in their book ‘Status, Problems and Challenges of Khadi Village Industries’ have attempted to study the working performance and other issues of KVI sector in Himachal Pradesh. They opined that shortage of lubricant (finance) forces entrepreneurs to use secondhand machines, inferior methods of production and ineffective techniques of production.



Current Market Situational Analysis of the Clothing and Textile Industry in Nigeria

Market Size Potentials, Opportunities, and Segmentations

The market size of the clothing and textile market in Nigeria is still growing at a rather slow pace in comparison to other countries in within West Africa and have not achieve its full potential yet. Nigeria had a vibrant textile industry prior to the 1980's where it peaked to creating about 500,000 direct jobs with over 250 functional factories. The industry began to experience a decline after the year 2000 and major factories closed shop due to operational difficulties (Tap for Cotton website). The Textiles, Clothing and Footwear production in Nigeria is valued at N1, 303.68 billion (CAD 5.58million) or 18.02% of the manufacturing sector total (National Bureau of Statistics, 2014). Its production output in 2010 stood at CAD 3.4 million or 11.58% of the sector total.

The Textiles, Clothing and Footwear subsector contributed output percentages of 11.58%, 14.57% and 16.82% of total manufacturing output in 2010, 2011 and 2012, respectively. The key driver of this growth was the product of Other Woven fabric, which dominates the activity with output valued at CAD 2.92 million or 86.09% of the activity total in 2010, CAD 1.2 million or 41.46% in 2011, and CAD 4.1 million, which was 11.81% of the manufacturing total. In 2012, Other Woven fabric production increased further, this time by CAD 1.7 million or 41.78%, reaching CAD 584,645.92 or 13.93% of the total output of the manufacturing sector in that year. (Natural Bureau of Statistics, 2014).

The industry is mainly labour intensive and is estimated to provide employment to about 250,000 Nigerians, excluding the thousands who are directly employed in the cottage sector of the industry. A variety of fabrics are used by different regions and cultures. The Most popular fabric type among sub-Saharan Africans is the African print fabric. This fabric is an integral part of African culture with annual sales volume of 2.1 billion yards at average production cost of CAD 3.5 billion. India and China account for about 60% and 21% respectively of African print fabric production. On the consumption side, West Africa accounts for 65% of the market with Nigeria accounting for 38% of total demand for African print fabric. This is worn by members of all social classes in Nigeria.



Different price tiers and categories of clothing is produced depending on the income levels of consumers. The major textile enterprises in Nigeria are located around Lagos which has most of the country's spinning and weaving mills. Other significant textile operations are located around Kano and Kaduna.

Target Markets of *KhadiGramodyog Cotton* and Their Characteristics in Nigeria

Demographic Characteristics

The target market of the *KhadiGramodyog Cotton* brand in Nigeria are the high income, highly skilled adults, both male and female from 20 – 60 years in Lagos and Abuja, Nigeria, and the Indian expatriates in Nigeria.

Psychographic Characteristics

The target market in Nigeria are very fashionable and trendy. They are also open to trying new clothing different from what is available in the market. They are very sociable and will be open to make purchases of the Indian traditional brand that is made from high quality cotton and handwoven.

Major Competitors of *KhadiGramodyog Cotton* Products in Nigeria

The major textile companies in Nigeria are Sunflag Nigeria Limited, Da Viva Fabrics and Femro 3 Nigeria Limited. There is a cluster of other textile companies in Nigeria but for this study, these three will be considered as they control significant portion of the market share.

Sunflag Nigeria Limited

This company started its operation in Nigeria in 1961 and is one of the largest Textile companies in the whole of West Africa with world class manufacturing equipment. It has different product range and its unique selling point is product innovation as they produce poly-cleaned cotton which is essential for achieving a nice quality brand. It is fully integrated from ginning operations to spinning, weaving, and finishing of its textile materials.



Da Viva

This company is an African inspired company that deals with the production of its fabric with 100% cotton. The company blends cotton edge designs using vibrant colours linked with traditional African fabrics. The unique selling point of this brand is in their product as they create a changing array of patterns using shapes and colours on a 100% cotton fabric with a variety of texture. This company has 29 retail shops in West Africa and seeks to capture a large share of the West African market.

Femro 3 Nigeria Limited

This company started its business in 1985. It is now a fully integrated textile manufacturing company that knits and processes its own fabric to meet international standard. The garment division produces high quality T-shirts, caps, vendors' jackets as well as many other corporate gift items. The unique value proposition of this brand is in its product as it produces monogrammed, screen printed, and heat transferred T-shirts, towels, caps, and other textile materials that can be used as gift items.

Uncontrollable External Forces and Constraints Affecting *KhadiGramodyog Cotton* in Nigeria

Domestic Clothing & Textile Competition in Nigeria

Clothing and Textile companies will pose a major threat for *KhadiGramodyog Cotton* in Nigeria. They possess first mover advantages as they are already existent in the market destination. The domestic textile companies also have a market for the high-income and is enjoying the patronage of this demographic of consumers. The switching cost alone of going to another product brand will also pose a challenge for *Khadi Cotton's* entrance into the market destination. A major part of the work has to be done by the *Khadi Cotton* brand in order to capture part of the market share of this consumer group.

The Nigerian Consumer Behaviour Towards Locally Made Fabric

The behaviour of the Nigerian consumer towards domestically produced goods have mostly been on the negative directions since the introduction of foreign goods, the reason behind this



their act cannot be far-fetched, notable among them are poor quality of Nigerian made goods particularly clothing. Majority of the Nigerian population still purchase locally manufactured clothing. However, the target market of *Khadi Cotton* which is the high-income group prefer special premium brands and buy quality foreign made products over their Nigerian alternative. They also, believe that they command respect and prestige through the purchasing and ownership of foreign and ostentatious goods.

This factor though favourable to the entry of *Khadi Cotton* into the Nigerian market, can swing the other way if the consumption behaviour of the target market change.

Challenging Distribution Structure Across Nigerian Market

Nigeria presently does not have a transportation system that is standardized as compared to other markets of the world. For this reason, it will influence the distribution strategy of the *Khadi Cotton* brand in making the products available. There is vehicular traffic congestion in the urban areas of the market destination that may affect the turn-around time for distribution of the product and increase transportation costs. Despite the challenging distribution network, opportunities still abound because the target locations are the commercial hub city (Lagos) and the capital city (Abuja) that have a relatively better transportation system and have over 90% of the target buyers.

Existence of a Parallel Market in Nigeria for Most Pricey Imported Products

Nigeria has abundant parallel and gray markets for most imported products due to the availability of its porous borders. What the operators of these markets do is that they import parallelly, foreign products with high price from other countries with a lesser tariff to come and compete with the original manufacturer of the same brand whose high price of the good was also determined by factoring in importation costs.

Khadi Cotton may also face this kind of challenge once its product begins to gain acceptance and can prevent the brand from establishing its presence in the market depending on the volume of the parallel market that exist as it will take a toll on its revenues and may force it out of the market destination.



Suggested *KhadiGramodyog Cotton's* Marketing Mix Strategies to Enter Nigerian Market

Product Strategy

The *KhadiGramodyog cotton* brand will adopt the product adaptation strategy to suit the trendy and fashionable style of the target buyers. The brand will be giving the target buyers an Indian fabric that is handwoven from a high premium harvested cotton that will be specially packaged for high value consumers with a transparent biodegradable nylon to differentiate it from the products of its competitors. Also, a picture of models wearing different styles of *Khadi cotton* clothing will be on the packaging.

The cotton used to produce fabrics is of high quality and unique. The lumen quality is greater than cotton produced in the other parts of the world. This brand equity of the *Khadi Cotton* the target buyers will soon be realized after its entry to the market destination.

The product will be adapted to match the Nigerian consumer's preferences as like the colour, texture, and the sizes of clothes. Nigerian consumer prefers mix and variety of colours in their clothing.

Pricing Strategy

As the only revenue generating element of the marketing mix, the skimming pricing strategy will be adopted. This is because the focus is to capture the high-income group of the target market. This set of buyers are somewhat price insensitive and thus willing to pay a premium price for the value received (Cateoraetal, 2012). Apart from the fact that the brand is a premium brand, another factor considered in setting the price is the cost of exporting the product to the market destination. The consumer behavior of the target buyers will make them care less for the cost of the product as it will form a social status symbol for them to be able to afford the *Khadi Cotton* brand.

Place Strategy

Khadi Cotton will be exported and sold in supermarkets and hypermarkets of Lagos and Abuja which have the largest concentration of the market segment in the urban centres in



Nigeria. This strategy is being used as it is a shopping hub for the target buyers. These outlets are where the target consumers visit to make purchases for high quality brands rather than visiting conventional street markets. Agent middlemen will be arranged that will assist for distribution to the sales outlets and commission will be paid to them.

Promotion Strategy

The brand will employ the consumer sale promotion strategy by making sure the product is available at the sales outlet. This will be done by attaching a premium at the sales outlets for every purchase of the clothing material. A ball point pen or complimentary card holder will be given to the target buyers of the product if they make a purchase. Also, as part of our promotion strategy, advertising will be used to increase brand awareness and media advertising like magazines, newspapers and television & radio will be used for the target market.

Discussions and Suggestions for *KhadiGramodyog Cotton* Key Success Factors in Nigerian Market

Hand Woven Premium Harvested Cotton from India

The *Khadi Cotton* as a specially harvested quality cotton from India is hand woven and comes in a variety of designs and colours. This will appeal to the market segment given their preference for premium quality clothing that suits the humid climate of Nigeria. Since the product can be adapted to suit their style and colour preference makes it unique in the sense that, they wear the premium Indian fabric that is tailored to their special needs. This will be a key success factor for the product in the Nigerian market.

Distribution Strategy

Efforts will be made to ensure that the *Khadi Cotton* brand is available as the pull strategy to be used in making the products available in the retail outlets and the premium of a pen or card holder given to buyers will make the target buyers not to patronize parallel market that may exist for the product. Even if they do exist, they may not offer the premium, retail outlets will be giving to buyers of the brand. This will attract more buyers to the authentic retailers. The



brand will be exported to agent middlemen who are motivated due to the commission they make and will in turn ensure the brand is available in the retail outlets.

Conclusion

The clothing market in is saturated with different kinds of clothing material for different categories of people and substandard clothing materials abound because of the income levels of majority of the population. From the analysis, the study found that *KhadiGramodyog Cotton* can be a very good clothing product that will be widely accepted by the target market of the highly skilled, high-income adult population in Nigeria.

The highly skilled, high income adult population of the Nigerian Textile and clothing market is a fashionable and social group that places much importance on the kind of clothing they wear. This group of people will be open to buying a clothing product that is well differentiated from what is prevalent in the market as they believe that majority of the available products are substandard. They are open to trying new things provided it is of quality, has varying colors to choose from and can be adapted to their style.

It is this discovery, which informs the decision to import a high-quality premium harvested *KhadiGramodyog Cotton* brand to the market destination. *Khadi Cotton* is a hand- woven Indian made cotton that is specially harvested with its high lumen quality greater than the available brands in the market destination. Suggestions was made on the marketing mix element strategies for introducing *KhadiGramodyog Cotton* products from India to Nigerian market which are Product, Distribution, Pricing and Promotional strategies.

From the study, it is recommended that *KhadiGramodyogCotton* brand should be imported into the Nigerian market to capture the high-income textile consumers marketing segment who are open to purchase the brand. Agent middlemen will assist with the distribution of the products to retail outlets and premiums will be given to buyers in the short-term.

Exporting has been chosen as the market entry strategy for the product to become available in the Nigerian market with special premiums to be given to the buyers of the product in the short-term. Placing the product side by side with other cotton products with display the quality difference and show *Khadi Cotton* the brand with superior quality.



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