

Old motifs can inspire new concepts

Leveraging business opportunities in CIS countries

Dr. Tamanna Chaturvedi, eminent faculty, Indian Institute of Foreign Trade guides exporters on the need to understand the markets they are planning to sell to. Indian handicrafts exporters have been exporting their products to various markets like EU, USA, LAC and CIS etc. Commonwealth of Independent States (CIS) has rapidly evolved into a strategic market for India. The confluence of several macroeconomic trends are boosting these emerging markets, resulting in noteworthy expansion in major parts of this region. There is a huge potential in the market and a scope for growth which still needs to be harnessed.

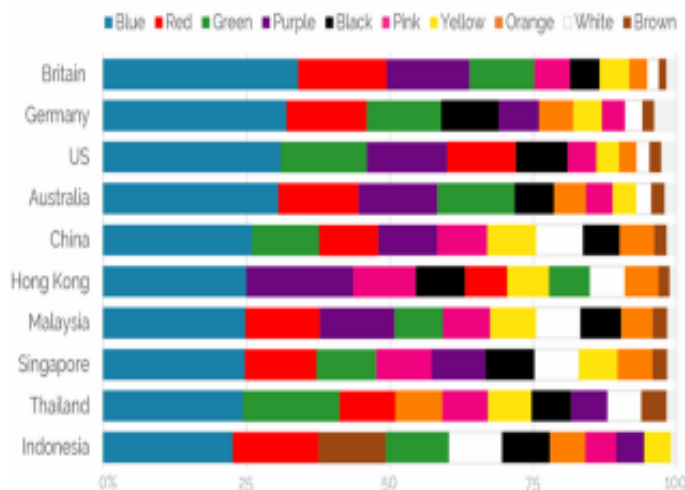
The CIS region as a whole constitute 12 countries which include Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Russia, Turkmenistan, Tajikistan, Uzbekistan, and Ukraine. The export of Handicrafts to CIS region has been to the tune of US\$ 112.59 million (Rs. 99.52 Cr.) in 2014-15 having a growth rate of 13.14 % over 2013-14. Russia being the major market for India has a share of 86.07% in India's exports of handicrafts to CIS region. However, the council is taking initiatives to explore the possibilities of enhancing export in the other markets of the CIS region.

In today's competitive business scenario, there is a need



for exporters to understand the markets they are planning to sell to. Along with the understanding of the market, an ability to adapt products to the specific market can also give exporters an edge in

India's Cut		
Handicraft Products	Share in world exports	Ranking in world exports
Carpets/other textile floor coverings	9.3%	4%
Furniture	0.5%	31%
Paper Products	0.5%	34%
Glass and Glassware	0.8%	24%
Ceramic Products	0.9%	20%
Miscellaneous articles of base metal	0.7%	25%
Wood and wood articles	0.2%	57%
Works of art, collector's pieces and antiques	1%	9%



business.

To change the bracket of international trade, Indian trade needs to focus on small-scale markets and bring it up to the level of the international markets. There is always a methodological

way of presenting the right product to the right markets. In the heyday of the trade products, where even the other countries can manage to sell the same product as ours (saris for example), the first thing one ought to do is to check his/her options- whether one would just supply products to old customers, and look for new entrants and contacts and opening up new markets, by implementing minute changes. Its not the just US and the European markets that are available

Steps towards the Right Product-Market Matrix

- Identify the HS Code of your commodity
- Trend analysis of exports of your HS Code
- Do I have the comparative advantage?
- Trend analysis of major export markets
- Who are my competitors in target markets?
- Do I have a competitive advantage?
- Checking on trade complementarity of target markets?
- Decision making tools in WTO era

but there are other 200 markets. There are 3 levels of competition that are faced by a business owner today :

- First level of competitors in one's own market
- Other competing suppliers in your export target, i.e. similar products from other countries
- Other domestic players in the import country.

Government focus on CIS

- International North South Transport Corridor Agreement was signed between India, Iran and Russian Federation to facilitate movement of goods via Iran, Caspian Sea and Astrakhan to Russia and adjoining countries of the CIS region. The Agreement provides a shorter route for trade to Iran, Russian Federation and beyond. Once made fully operational, transit movement will be better and faster and is likely to be cheaper & less time consuming by about 20% as compared to the present route.
- Approval of the Ministry of Commerce & Industry to the accession of eight countries namely Kazakhstan, Belarus, Bulgaria, Armenia, Azerbaijan, Sultanate of Oman, Tajikistan and Syrian Arab Republic has already been conveyed to Ministry of Shipping, which is nodal Ministry of Government of India for monitoring the development of the N-S Transport Corridor.
- To promote and facilitate trade, Double Taxation Avoidance Agreement (DTAA) has already been signed with Russian

Federation, Ukraine, Kyrgyzstan, Turkmenistan, Kazakhstan, Uzbekistan, Armenia, and Belarus.

Negotiations are on for signing the same with Azerbaijan.

Steps will be taken for initiating negotiations with

rest of the CIS

countries i.e. Moldova, Georgia & Tajikistan.

What can you sell in CIS?

Pearl, paper, wood product

Pearl, paper, wood product

Plastics, wood, paper products, ceramic, glassware

Paper, metal, ceramic, wood, glassware, pearl, leather, carpets

Wood, ceramic, glassware, metal

Poor CIS markets for handicrafts - Lithuania, Kazakistan, Krygystan, Latvia

Design & Innovate

In the process of doing design innovation connect with customs and tradition of the importing country. Merging religion/ethnicity/publicity with technology could be a good idea. Ganesha pen drives can be exported to NRIs overseas, camel pendrives could appeal to buyers in the Middle east, wooden technology products can be manufactured in the North eastern Region of India, promotional products can be designed to appeal customers. Products can be used according to the ethnicity and religion of the target export country. For example CIS is populated by muslim and christians. Flora and fauna products may also be customized to suit importing country. For example, Barn Swallow appeals Austrians,

Who would buy my product?

Armenia	Krygystan	Kazakastan	Azerbaijan	Tazakistan	Uzbekistan	Turkeministan
Pearls, precious stones, metals, coins, etc	Articles of apparel	Furniture and lighting	Pearls, precious stones, metals, coins, etc	Articles of apparel	Articles of wood	Furniture and lighting
Paper products	Footwear	Paper products	Furniture and lighting	Footwear	Paper products	Articles of wood
Furniture and lighting	Articles of wood	Footwear	Articles of wood	Articles of wood	Furniture and lighting	Paper products
Articles of wood	Pearls, precious stones, metals, coins, etc	Articles of apparel	Paper products	Pearls, precious stones, metals, coins, etc	Glass and glassware	
Articles of apparel	Paper products	Articles of Wood	Glass and glassware	Paper products	Ceramic products	
Candles	Leather articles	Ceramic products	Metalware (cutlery)	Furniture and lighting		
Ceramic products	Furniture and lighting	Candles	Ceramic products	Ceramic products		
Glass and glassware	Glass and glassware	Glass and glassware	Articles of apparel	Glass and glassware		
Footwear	Metalware	Leather articles				
Metalware	Ceramic products					
Leather articles						

Common Kestrel appeals Belgians, Mute Swan is for Denmark, Barn Swallow for Estonians, Rooster for French, Whooper Swan for Finland, White Stork for Germany, Great Bustard for Hungary, Gyrfalcon for Iceland, White Wagtail for Latvia, White Stork for Lithuania, Goldcrest for Luxembourg, Blue Rock Thrush for Malta, Dipper for Norway, White-tailed Sea-eagle

for Poland, White Pelican for Romania, Eurasian Blackbird for Sweden and European Robin for UK. Traditional inspiration as well as materials can be used in contemporary products to appeal. Colour preferences of countries may be studied prior to designing products tailored for a particular market. A health angle may be explored to cater to a niche segment.

Packaging & Presentation

Today, there is emphasis on the methodological way of presenting products, which the Indian handicraft lacks because of lack of proper packaging, to the right markets. Tea in kilos never did attract the buyer's attention, but once they are properly packaged into teabags, the demand rises. One has to keep track of complementary goods to his/her product. One needs to craft out a unique designing for his/her product and go for a creative listing. One has to look for the places which our govt. has filed a GI file on. Thus, one's company need not spend on advertising. Indian woodcraft for instance, can be categorized along with the biggest L2 players in the same field, Vietnamese manufacturers on wooden bows and ties. But here, the latter conforms to eco-friendly norms and has more subsidies, and thus, outshines the former.

Analysing Purchasing Power and Buyer Mindset

Take the example of markets of Poland and Germany in Europe. Since Poland and Germany are opening up as international markets as well, one needs to make sure that as a start-up handicraft seller; one need not manufacture clichéd products, but differentiate them. Because other countries might copy your products, it might hamper your sales.. One needs to identify their own HS code in their exports. By knowing one's own competitors in the market, it would be hugely beneficial. There is a broader classification of the type of products to sell in CIS. It would usually come under furniture, leather textile goods, bracelet and necklaces, and even imitation jewellery.

- One has to learn the purchasing power of each market and categorise them into:-
 - High purchasing parties(anticipate bigger order in such fairs, such as Russia and Kazakhstan). If one cannot meet the demands, then it doesn't mean anything even if you have a buyer.
 - Mid purchasing power(Azerbaijan)
 - Low purchasing markets (Armenia, Kirgizstan)
- Analyse the age bracket and appropriate the products, which would be young professionals in this regard.
- One has to merge modern trends according to the demands of a new product and couple it with some form of ethnicity, for a personalized outlook. In this case, China

aces in design innovation, such as the declining sales of a mousepad rises, when it turns into a Feng-shui gift item, with just a design implementation of the Laughing Buddha on it.

- One has to adapt to the new emergent technology, and conform it to the specific demands of the buyer, such as cutting saris into two respective products, brocade wall hangings and mini-skirts that cater to two different trendy demands. One should never push the product contrary to what the buyer wants.
- Religion analysis on markets is necessary, since in the case of Madhubani paintings, Muslim doctrine never allows for individual faces on art, but replaces it with flora and fauna, and it finds a huge demand subsequently, such as Gond and Kalamkari art (with horses) would result in a huge demands from the Middle East.
- Conducting a gap analysis might point out the disadvantages of the L1 products, paving the way for product differentiation.
- One has to relate the product and modify it to suit the cultural context of the market for a personalized approach. On a rudimentary level, flag analysis can be considered.
- Segmenting the market, e.g, health segmentation, can result in new ways through which you can sell the products as medicated goods. For instance, accu-pressure points jute chappals would be in high demand, since it can be catered to the high cancer regions in America and the people having colon diseases in CIS markets.

The very recent rise of CIS region has been one of the defining features of the global economy in the recent time. India's trade has also increased with these countries. The same is also true in case of Indian Handicrafts sector's export. Countries like Russia; Ukraine Kazakhstan has emerged as important destinations for Handicrafts export from India in CIS region in recent years. Many countries which were not importing Handicrafts from India earlier have shown interest in Indian products. There is also a need to diversify the market by targeting new destinations to ensure stabilisation in our economy. The emerging markets like LAC, ASEAN etc. are important destinations for Indian exporters who are looking at ways to diversify beyond the traditional markets of the EU and the US, especially in the backdrop of the uncertainty gripping the developed world. Taking into consideration the huge potential and the growing demands, EPCH has already been trying to venture into the market through its many initiatives like Buyer Seller Meets, participation in trade shows there and hosting buyers from CIS region in its various trade shows organized in India. ■