

Pathology of Iran's handmade carpet export

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Abstract: Iran's handmade carpet has been and is considered as one of the outstanding goods in non-oil export basket of this country under the influence of its cultural and art features in past decades and centuries. In a way that during so many years, carpet has specified the first and the highest rank of profitability in Iran and about 7 percent of country's employment and lives of millions of people. Unfortunately due to crucial gap in organizational, structural, management, production and specifically commercial and business dimensions, Iran's carpet has passed stagnations and breaking wane in the scene of global competitions and now is under specific critical situation. On the other hand, inattentiveness to marketing rules and principles and commerce which is consist of production process, has jeopardize competitive merits of handmade carpet within country and in global platform. Some other successful experiments of countries illustrate that they pay attention to commerce environment's realities and other effective factors. In the present article we are supposed to introduce pathologies in exporting this valuable handmade industry in order to present appropriate approaches to improve its export by understanding harmful factors and also weak and strong points.

Key words: Pathology; Handmade carpet; Export

1. Introduction

Handmade carpet has higher external utility and its export market is more extended compared to domestic market due to high quality, utility and its high price. So, every sort of stagnation in its export market can cause unemployment and decrease in salaries of so many employees in carpet industry. Hence, extension of carpet export markets can positively influence increasing wealth and annual salary of village workers. In today's economic situation, job making is considered one of important matters in government policies. Handmade carpet industry has a difficult process which causes significant job making in country's economy with low constant charge and using simple equipment in home workshops. This industry, adding to rug knitting is composed of other peripheral activities and jobs which increases job making rate of this industry. Among home jobs we can name: spinner, yarn maker, dye seller, dyer, designer, bowstring maker, knoter, exporter and merchants the number of which is 26 jobs on the whole. According to estimations, the employed human force in handmade carpet industry during past decades had a significant growth, although it didn't follow a constant path and there existed so many fluctuations in mentioned time spans.

2. An insight to Iran's handmade carpet export

In the last 5 years, Iran's handmade carpet export had an increasing rate. Low prices of opponent countries' carpets compared to Iran's carpets and their harmony with global market tastes are considered the growth factors of several countries in global markets. But it worth mentioning that Iran had owned the first rank in global market up to 2006 but in later years gave its status in table of the best exporters to China and India. Carpet export had a descending path during 5 past years generally due to decreasing volume of global handmade carpet business caused by substitution of other goods like machine carpets, moquette, stone, parquetted and other mats. Growths in global transactions on these mats are estimated 4 billion Dollars while the volume of handmade carpet transactions significantly decreased during 1996-2005.

3. Handmade carpet marketing

Marketing is defined as analysis, organization, programming and controlling effective factors on customers, determination and designation of policies and commercial activities of company to meet customer's requirements and needs in exchange of gaining profit. Iran's handmade carpet with millenniums of history was the center of attention by world and today carpet is strongly interwoven with name of Iran. Iran's handmade carpet is a multi-dimensional product and has extended technical, artistic, social and economic dimensions. According to statistics and statements of authorities of commerce in handmade carpet industry of Iran, and paying attention to crucial revolutions and changes

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in economic dimensions, purchase power , cultural dimensions , consume pattern among domestic consumers of handmade carpet and active and extended domestic market is confronted to a strong stagnation. In the case of international markets, with the knowledge that carpet is among luxury products of customers, requirement for that, is strongly dependent to people's income. As people's income increases, the requirement for carpet is increased and stagnation period and decrease in incomes causes decrease in requirement for carpet. Accordingly, handmade carpet commerce has a strong relation with changes in economical and non-economic variables (Azizi, 2003). Not so long ago, world's handmade carpet producers were limited in number and Iran as the oldest producer of carpet was the outstanding country. But today so many countries invest in carpet production that some of them did not know much about the knowledge of carpet production but today are considered as important poles of carpet production in the world. They extend their activities in production and commerce by wise managements and impeccable programs and usurped a large part of world market. In this field, Iranian producers, due to special situations such as no fix rule for determined economical periods, fluctuations of money rate, no updated information about economy, using low quality raw material and not having certain production programs for production, distribution and sale, not having knowledge about market requirements and so on, are being separated from world market. Modern marketing principles and approaches which exporter's ignore can be named as below:

A. Having no experts

This is defined as having no experts in carpet industry such as knitting, designing, dying and so on. Our country needs professionals, experts and proficient who can guide a group of carpet artists. Professionals who are not knitters but have the knowledge of knitting and also designers, dyers and fine drawers who are professionals. We need professionals who are aware of aesthetic and economic aspects of carpet and the consequences of not paying attention to them and meanwhile are carpet policy makers.

B. Having no Identity Card

No Identity card for Iranian expensive, valuable with so many knots and other carpets for which the photo of knitter and his/her other characteristics, time taken for knitting, place of knitting, design, dimensions, background color, margin color, fabric, material quality, recorded approximate number of knots per M2 and its confirmation by authority of this industry in order to ban opponents' faking and presenting fake carpets by name of Iran.

C. Having no innovation and monotonous designs

Having no innovation and monotonous designs and lack of new and attractive designs caused so many global markets such as Indian and Chinese knotless carpets with so much lower qualities to saturate Iran's global carpet markets thanks to their design, color and aesthetic dimensions. An important note here is that what distinguishes Iran's carpet from other countries' carpets is the originality of designs, historical and conventional plans. Copying western paintings as carpets, which they term it "coupling", gains its roots from imitation activities, which began since Ghajar period in Iran and caused so many detriments into Iran's carpet knitting industry and art.

D. Wrong process of production

Such as knotless knitting, pare knitting, using thick woof in order for the carpet to go up rapidly.

E. Competition

This is defined as not paying attention to active presence of different opponents like India, Pakistan, China, Afghanistan, Russia, Turkey, Romania, Egypt, Morocco, and east European countries that began to produce various types of carpets and rugs with presenting fake designs from Iranian designs. These countries lowered their prices in recent years using masses of cheap human force and this decrease is so much that about 84% of carpets required by US is produced by India, China and Pakistan. These countries owned 37, 29 and 18% of US carpet markets respectively and even lots of emerging opponents have moved beyond imitating Iranian designs and in some cases fake some names and works. For example, Indian commercial companies are in a way that their knitted carpets are an imitation of Iranian designs and are distributed with names such as Indio Kerman and Indio Kashan and so on. More attractive is that these countries print the word "Indio" with smaller font and in some cases they delete their country's name and sell their carpet under Iran's name.

F. Low quality raw material

Using low quality raw material in knitting carpet such as tanned wool, low quality fibers , acrylic fibers , using dark chemical and inconsistent dyes instead of bright and consistent natural colors, using miscellaneous oils in spinning factories instead of synthetic solvent oils due to jobbery of dealers and not correcting ignorance in knitting, can cause damages in carpet market.

G. Having no Information centers

Building no information centers in order to collect and understand all information and history of

carpets and original Iranian designs or damaged ones in order to revitalize and record in global market and ban any possibilities for opponents to imitate and distribute carpets under the name of Iran and not having appropriate promotion and revoking policies such as advertisement, individual selling, selling development and solid and regular communication about advantages of Iran's carpet production compared with other opponents' in global markets.

H. No marketing researches

Knowing customers in global markets, awareness of needs and requirements in terms of design, color, dimension and number of rows in each global market will be considered as validity for Iran's carpet. For example in Europe and US markets, customer's taste in design, size, color, etc. is different and obtaining these information will be a total failure and is impossible without carrying out market researches.

I. No approach for carpet exports

There is no certain approach for carpet export in macro levels of country by government and also no center or information bank in order to put the latest global marketing information in the field of carpet, other characteristics of market in terms of design, size, row count, dye, countries' rules, cultural symbols of countries, etc.

J. Packing problems

Packaging and transportation problems, careless packaging for presentation to global markets, no appropriate packaging carrying cultural symbols of global markets, not paying attention to packing and appropriate fastening to save carpet from cold and hot weather, no script on two sides of fastening in common languages of the world, not paying attention to rules of buyer country in terms of weight of package. Different countries have different rules in this regard. For example "foreign made" should be mention on all imported products' packages sent to England or in some other countries such as US, the rules regarding volume, content of packaging and other features are completely controlled. In Sweden, gross weight which has to be mentioned on packing, is checked.

K. Distribution problems

Not using an approach to find appropriate places of distribution in order to present carpets in global markets in terms of place, time, composition and information appropriateness.

L. Not using pricing approach

No appropriate pricing approach is used for carpet in global markets. not paying attention to

carpet export for monetary income, no need to foreign countries for developing this industry, quick return of capital and peripheral jobs such as silkworm production, silk production, farmer development to produce high quality wool, agriculture development to grow cotton and dye plants that although our country is so talented in agricultural industries, because of not having such required dyeing plants, so much chemical dyes are annually imported that damages carpets, fiber twisting, dyeing, wool washing, carpet washing, designing, satin, fine drawing, knitting, sellers and exporters and avoiding emigration from villagers to cities. Investigations show that handmade carpet marketing in Iran is not followed scientifically and is still conventional and customers are sought after production. (Firouzjaei, 2002). In addition, few researches are carried out in hand made marketing in Iran (Sabouri, Khosroshahi, 2003). These researches implied some gaps such as lack of updated information about requirements and taste of customers, no strategic planning for carpet export, decreasing quality, weak advertisements, weak management and programming gap for identification of countries' and different nations' tastes, no familiarity with target markets and weakness in participating or holding handmade carpet exhibitions.

4. Environmental threats faced by Iran's carpet industry

A threat is external situations that can have negative effects on functional parameters of company and decrease competition advantages which cause positive activities in the right time. Among these threats we can name emerging new opponents such as Morocco, Nepal and Tunisia, introducing new products by opponents, taxes on presented goods, etc. The most important threats which Iran's carpet export is faced with are presented as below:

- 1) Aggravation of competition from the side of conventional opponents.
- 2) No sufficient marketing activities and researches and advertisements.
- 3) No effort for increasing products' standards
- 4) Inability of Iranian exporters to stand against internet opponents
- 5) Politic and economic boycotts of Iran in international level
- 6) High prices of promotion and advertisement
- 7) Importing productions and required bases of carpet knitting and threatening domestic production of similar goods.

5. Domestic environment analysis

In order to investigate competition evaluation and determining weak and strong points of an industry or an organization we focus on domestic environment and comparison of the main opponents in present and future time. Domestic factors of an

organization are such factors which usually are under the control of organization manager. The most important and effective internal factors are management, marketing, financial and accounting, production and mission, research and computational information systems. In this section we focus on domestic environment investigation (the situation of carpet industry inside the country) through evaluation matrix of domestic factors (ranking weak and strong points based on importance and effects on function or competition ability of company) in order to determine weak and strong points of Iran's carpet industry, and the results are extracted as below.

Strong points of carpet industry of Iran Strong points of an organization or an industry is successful usage of an advantage or exploitation from a key factor toward the ability of competition of that industry or organization. According to country's history in handmade carpets and existing expert professionals and experienced and aesthetic, strength and high quality of Iranian carpet and also famous Iran carpet's brand since long ago, we can present the most important and superior strong points of Iran's carpet industry as below:

- 1) Famous and widely known Iran's carpet industry brand on international level
- 2) Existence of young and motivated human forces and experienced experts in designing and knitting carpets.
- 3) Using beautiful and original Iranian designs and models
- 4) Beauty, strength and high quality of Iran carpet.
- 5) Using high quality raw material in production
- 6) Production variation (design, color, size, etc.)
- 7) High added value.
- 8) Appropriate climatic situations and abundant natural sources in production of carpet's raw material.

6. Weak points of Iran's handmade carpet

Weak point of an industry or an organization is defined as unsuccessful operating advantages or not exploiting one key factor which decreases the competition ability of company. Iran's carpet industry, from internal point of view, is along with so many problems which has affected the identity of Iranian carpet and has decreased its competition ability. One of these weak points is that Iranian carpets are usually produced in homes and small workshops but Iran's opponents produce carpets industrially and massively. Also anomalous production, low quality of raw material and not using original designs are among reasons that Iran's carpet loses its position in global markets. Fix money rate, lack of liquidity, high price of raw material and worker's salary are among effective factors in Iran's inability in carpet industry which has an undeniable role in continuous decrease of production in handmade carpet industry. The reasons below are among the most

important and most superior weak points of Iran's carpet industry:

- 1) High final price
- 2) Little knowledge of exporters of marketing new and modern technics.
- 3) Lack of government support of exporters and producers.
- 4) Not paying attention to world customer's taste.
- 5) Not recording the brand of Iran's carpet in world markets.
- 6) No innovation and creativity
- 7) No commercial information networks and no knowledge of exporters with e commerce.

7. Providing evaluation matrix SWOT

After the examination of internal and external factors that is titled as initial phase, the information required for strategy complement is determined.

The main internal and external organizational factors are modulated and balanced. Strategists can be presented as four types using this information in matrix SWOT :

7.1. OS strategies, WO strategies, ST strategies, WT strategies

A. OS strategies

In these strategies' frameworks, organization tries to exploit external opportunities using internal strong points and to maximize opportunities using strong points. Lots of efforts have been made to pay attention to determine useful and functional strategies in order to optimally use producers, exporters and authorities. Toward this aims, we can present some strategies as below:

- 1) Combining young professional's educations with expert workmen toward presenting high quality products.
- 2) More emphasis on quality, beauty and strength of Iran's carpet in advertisements and global marketing in order to strengthen the weak points of opponents.
- 3) Optimal usage of present sources and equipment to increase production.

B. WO strategies

The purpose of these strategies is that organizations using present opportunities in domestic environment, try to improve their domestic weak points. In this situation, organizations, due to domestic weaknesses, cannot optimally use opportunities. So it is necessary to use such strategies as state of the art technologies in order to wane weak points and enable using opportunities. WO strategies are presented to improve the export of Iran's carpet:

- 1) Providing suitable ground to use information technologies toward marketing and advertisements

to extend marketing and advertisement activities in global markets.

- 2) Continue production according to global customers' needs and tastes.
- 3) Increasing production capacity to decrease the final price of product.
- 4) Training the latest technics of knitting to knitters of carpet.
- 5) Establishing research centers for innovation in production and marketing research.

C. ST strategies

Organizations and industries implementing these strategies, try to use their strong points and decrease or vanish the effects resulted from the threats. Toward this aim, the below ST strategies can be presented to maintain and increase the export of handmade carpet of Iran:

- 1) Hampering the path of emerging opponents through more extending and advertising the brand of Iran's carpet and emphasizing of beauty and strength.
- 2) More efforts to increase the standards of product using experiences and skills of experts and the professional educated young and also using high quality raw material in production.
- 3) Global advertisements toward taking over political and economic boycotts against Iran.
- 4) Optimal usage of financial and technical equipment of country to reinforce the production of carpet producers.

D. WT strategies

Organizations that use this sort of strategies are defensive. The purpose of these strategies is decreasing internal weak points and avoiding threats resulted from external environment. Infact such organizations try to decrease their activities (decrease or resigning strategies), integrate with other organizations, pronounce their bankruptcy or finally get dissolved. In this study, the below WT strategies are presented toward these aims:

- 1) Increasing marketing activities, advertisement and researches about internet marketing, to compete with internet exporters (interpenetration and expansion of market).
- 2) Focus of marketing researches to identify world customers' tastes (expansion of market)
- 3) Acquainting merchant with international marketing technics, exports and e commerce to maintain the share of market.
- 4) Maintaining competition ability in quality, final price , technology and production variability.

8. Conclusions and suggestions

A. The factors effecting on stagnation of carpet market

1. Entering some low quality products into global markets.

2. Internal factors such as expensive raw material, taxes, revenue, knitter's salary and using low quality raw material.

3. High salaries of labor force as a large index in increasing export carpet price compared to other producer countries regarding the fact that one of the features of handmade carpet is its functionality and large part of it (about 70% of production expenses) is specified to salaries.

4. Active presence of some countries such as Pakistan and China caused decrease in Iran's share in carpet export due to cheap work force and less initial capital.

5. Comparison of handmade carpet with some of industrial spiritless products caused handmade carpet damages and its consequence is decrease in export of handmade carpet.

6. Economic stagnation in western countries and inflation in Iran are other effective factors in decreasing export. And also production of machine carpets, ignorance of target market tastes, no advertisements for Iranian carpet, commercial policies, custom evaluation and monetary loans in different levels affect differently on carpet export.

The position and determinant navigating role of export and international marketing toward increasing quality and making it consistent with requirements, needs and preferences of customers and buyers are factors which are being ignored. Unfortunately it seems that criteria, macro views and a process for production with competition advantages based on international marketing principles are considered in production of a major volume of Iran's handmade carpet (with a few exceptions) which are not receiving sufficient attention from producers and generally after production , they are surrounded in a mass of internal factor problems. Also international competition, export and competition are at levels that are against Iranian producers and exporters based on the latest state of the art technology and science. They use aesthetic features of Iranian carpet and more successfully sell their products.

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