EXPORT MARKETS' SEGMENTATION FOR INDIAN CARPET INDUSTRY: A BCG GROWTH-SHARE MATRIX APPROACH

Dr. Chinmoy Kumar Roy
Banaras Hindu University, India.
Corresponding Email: chinmoy.bhu@gmail.com

Abstract

Carpet industry in India is one of the oldest and the most popular industries. It provides the finest example of how a domestic industry practiced at home can be transformed to a full growth, mechanized export industry. History of Indian carpets traces to a period as early as 500 BCE. The history of Indian carpets entails when Babur came to India. Akbar laid the foundation of carpet weaving tradition in India in 1580 AD and established carpet weaving centers at Agra, Delhi and Lahore. The contribution of this industry to employment generation, balanced regional growth and earning foreign exchange reserves, is undeniable.

BCG matrix is a corporate planning tool, which is used to portray firm's brand portfolio or SBUs on a quadrant along relative market share axis (horizontal axis) and speed of market growth (vertical axis). BCG Matrix has been primarily developed for companies' product portfolio optimization, but now it has a wider application. It is used as an analytical tool in brand marketing, strategic management and portfolio analysis.

Indian carpet industry is facing global competition and challenges of portfolio analysis. This industry exports carpets to about 200 countries but not all the countries are equally potential or beneficial. The industry has to develop deep insights about the international market mechanisms to understand the prospects of its carpet export destinations. In this study, the concept of BCG model has been applied to identify and segment the potential export markets for the Indian carpet industry. From about 200 countries of carpet export destinations, top 30 countries with highest average export values for last 10 years (2006-07 to 2015-16) has been considered. Average market growth rate and relative market share, calculated from export data of 10 years ranging from 2006-07 to 2015-16, has become the base for the application of this matrix. The results show that USA, UK, UAE and Australia have emerged as the Star markets; Belgium, Canada, France, Germany, Italy among others as the Cash cow markets; Austria, Greece, Spain, etc. as the Dog markets; and Netherland, Saudi Arab, South Africa, Brazil, etc. as the Problem child markets. The marketers can take cue from these results and can tailor its export marketing strategy accordingly.

Keywords: BCG Matrix, Carpet Industry, Export Marketing Strategy, India.

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