

# WHITE PAPER ON DOMESTIC MARKETING THROUGH SHOWROOMS OF COIRBOARD – AIMING AT A PARADIGM STRATEGY SHIFT BY OPENING UP THE SYSTEM FOR FREE TRADE

## 1. Revelation

- The consignment trading system is not found to be a successful business model
- With decade long legacy and reputation, the 29 Showrooms were able to make a combined sales performance of Rs. 19.88 Crore only during 2014-15
- India is the second populous country and is emerging as a strong economy
- Through the consignment trading system Board's Showrooms were not able to reach nowhere near the market opportunity thrown by the Indian market
- There is a felt need for paradigm and 360 degree strategy shift
- The new system should be totally transparent, ensuring equitable distribution of opportunities, fairly balanced, uniform in its approach to the stakeholders
- The system should be totally regulation free
- Buying of one doormat by half of the households, putting up one flower or vegetable plant pot filled with coir pith would lead to a quantum jump in marketing

## 2. Suggested Model

- Today, e-commerce has assumed to be the ideal and most favoured model to portray trade and commerce and beget business aimed at the vast clientele through its reach. Franchisee development is seen as indirect marketing arm to reach a wider customer base through dedicated and streamlined efforts.
- The model is a Supply base – Franchisee model connected through a Coir Portal (CP)
- No USP/ MRPs
- Free prices

- Win – win situation
- All trades will be through the Portal
- Coir Board would be charging 3% of the sales proceeds from supply base and Franchisees as well as sales between Franchisees and customers towards Portal Maintenance Cost (PMC) along with taxes, if any, applicable as per the law in force.
- The PMC on trade between Supplier and Franchisee will be borne by Supplier and between Franchisee and customer will be borne by the Franchisee
- Promotional packages will be given to the Franchisees
- Transportation cost will be borne by the Franchisees

### **3. Supply Base (SB)**

- Registered coir manufacturers/ Coir Traders/ Coir cooperatives/ Government owned organizations etc. can register as Supply Base
- The applicant will have to remit Rs. 5000/- as one time application fee
- The Supplier will be solely responsible for the quality of the product
- Guarantee/ warranty shall be the responsibility of the Supplier
- If the Franchisee desires, Coir Board will be conducting quality inspection and certification on payment of prescribed fees by the Franchisee
- The Supplier should give an undertaking that he would consign only quality goods and in the case of any quality complaint the responsibility will vest with the Supplier and he/ she shall be liable to make appropriate compensation for the loss incurred by the Franchisee/ customer.

### **4. Franchisees**

- Any adult person who is having basic facilities like connectivity, working space, godown facility/ substitute arrangements in possession and committed intention to do coir business will be appointed as a Franchisee of Coir Board

- The aspirants of Franchisees should undergo the e-learning process through the Coir Portal about the manufacturing processes, product varieties, attributes & end use applications of coir products, advantageous of coir products, its 100% natural properties, against synthetic products, added advantage of coir products among other natural products in terms of its tensile strength etc.
- Applications will be submitted online along with Rs. 1000/- as application fee and after ascertaining the veracity of applications Coir Board will give approval as Provisional Franchisee, with one User Id and Password
- The Provisional Franchisee shall upload the required preliminary details like local body registration/ Sales Tax/ VAT/ GST etc. as the case may be within two months and thereafter he will be approved as a Franchisee
- If the Provisional Franchisee fails to upload the above details within two months, the Franchisee shall be automatically removed from the Portal
- If the Franchisee does not make any purchase within three months the Portal will send an alert message to the Franchisee and if it does not make any purchase within six months the Franchisee will automatically be removed from the Portal
- Board shall be providing cash rewards to the tune of 5% of the procurement made by the Franchisee for meeting market promotion expenses on a quarterly basis on the basis of the procurement made by the Franchisee from the SB.
- The Cash Reward shall be available only for the first two years of implementing the project, and its continuance or otherwise shall be decided after review of the mechanism
- Publicity support shall be provided by Coir Board
- Participation of Franchisees shall be facilitated in all domestic exhibitions organized/ participated by Coir Board either with free space or space with nominal charges
- Online business support will be provided to the Franchisees through Coir Portal (CP)
- While billing to customers the Franchisee shall necessarily record the mobile number and email id of the customer primarily to participate in the

surprise gift/ discount programme and secondarily to take customer feedback reports

- Appointment of Franchisees shall be done by a Committee headed by the Director (Marketing) and the Committee shall compulsorily meet once in a week for consideration of applications as well as for review of the progress of the mechanism till the network is established in all the States/ UTs
- Special efforts shall be launched for identifying Franchisees if large geographical area remains unrepresented
- Regional conclaves, preferably State wise, of Franchisee will be held to get the feed backs and to recognize the best performers through suitable means like Best Performer Award
- Exclusive fairs may be organized for facilitating Franchisees connected with festivals or other events
- Motto should be to establish at least a minimum of 100 Franchisees in a State and proportional numbers in UTs

##### **5. Coir Portal (CP)**

- Coir Portal is proposed with SSL Certificate on HTTPS (Hyper Text Transfer Protocol Security) mode
- Application security audit and hosting on NIC Dedicated Server for security, Speed and High-traffic.
- Each Supplier and Franchisee will be given a Personal Page / Home Page in the Portal
- Each Supplier and Franchisee will be given a User Id and password for login
- Supplier should maintain the product features and specifications
- Coir Board will define the product categories, under which the Suppliers can list their products with their custom brands
- Each Franchisee will get his customized Home page in the Portal + e-commerce facility to display his products on stock, thereby giving him an option for online store, buy-online-pickup at store etc.
- Online payment gateway for Online shopping (Net banking, Credit card, Debit card)

- The order placing between Supplier and the Franchisee and the payment thereof will be made through the Portal
- 50% payment shall be paid while placing the order and balance on receipt of the alert on ready to ship the consignment from the Supplier
- After shipment of the goods, the Supplier shall upload the Airway Bill / LR, as the case may be, to facilitate transfer of money to the account of the Supplier that too after the prescribed time limit
- SMS Alerts for Franchisee, Supplier on order placing / booking, order confirmation, dispatch and receipts.
- Product, Supplier ratings from customers
- Product news-letters, blogs etc. by Suppliers / Manufacturers
- Product Offers by Franchises (Festival Offers, Buy 2 Get 1 Free, Discount Offers, Corporate Offers) on Franchisee Home Page to attract online customers / corporate customers.
- Additional revenue to the Portal holder, through banner advertisement on Home Page, Search Page, Featured Products Page etc from Product Suppliers / Franchisees
- While transacting all cash dealings 3% will automatically credited to Portal Holder account and the rest to the account of Supplier/ Franchisee
- In the case of retail/ counter sales the Franchisee shall remit 3% of sales proceeds as PMC to Portal holder's account through the CP
- The Supplier can upload the ranges of products which he/ she is proposing to trade along with visuals, measurements, quality parameters, uses, stock and prices at origin
- The uploading of product visuals shall initially be organized by Coir Board by engaging an Industrial Photographer for ensuring quality of the visuals
- Public will have access to all the above details except prices (prices shall be displayed for online store)
- The public can view the prices of all Franchisees and their stock position
- Supplier Prices will be viewable only to the Franchisees
- One Supplier will not be able to view the prices of the other Supplier

- Online / Off-line Sales and inventory management software for Franchisee (Software shall be downloaded from the Franchisee Home Page)
- Online business facility (Online shopping) will be provided to the public for purchase from Franchisees in the second phase
- Real-time data for trend analysis will be available in Coir Board.
- The Portal Maintenance Cost shall be subject to revision from time to time
- All taxes like Sales tax, VAT, GST, Central Excise etc shall be taken care of either by the Supplier or by the Franchisee as per their statutory obligations
- Logistics Facilitating and linking of transporters through the Portal shall be made for quick and cheaper movement of goods from Supplier to Franchisee and Franchisee to customer
- Social media integrations like face book, twitter linked in etc. with automatic posts / updates from the Portal.
- Mobile App (Android /IOS) for the trade Portal for mobility for customers, Franchisee and Suppliers
- Search engine Optimization (SEO) – with Google add word credits for each Supplier, Franchisee, patented products etc..
- Additional facilities can be incorporated for Coir Export (Coir B2B), where the same Suppliers / Manufacturers / Exporters can showcase their products for International buyers (Indiamart.com, Alibaba.com, totalcoir.com)
- Yearly / One time subscription charges from Suppliers for listing in the Portal for international Trade
- Supplier classifications based on performance, like ( Platinum Supplier, Gold Supplier)
- Personalized homepage themes for each Suppliers so that the Supplier can customize the look and feel, color etc. from his online account
- Additional revenue for Coir Board for Quality Inspection on consignments / Exports on request from Franchisee / Coir buyers / Importers with digitally issued certificates.

## **6. Credit Window in the Coir Portal**

- A Credit Window (CW) will be provided in the CP for facilitating the credit sales – (B2B – Business to Business Feature in CP)
- Desirous Suppliers and Franchisees can use the CW for effecting credit sale by following the documentation procedure – (May be a value added feature in CP, B2B Section with an additional fees, for the Documentation and Verification purpose – where the Franchisee / Supplier shall be given a verified badge in the CP)
- Suppliers will execute an agreement with CP to the effect that they will produce and supply the required quantity of coir products by adhering to the quality standards and delivery time schedules (Accept User Terms & Conditions before proceeding to the CW)
- Franchisees will also execute an agreement with CP that they will use the CW only for genuine dealings and it will not withdraw from the credit sale process. (Same procedures as above)
- In case the Franchisee happens to withdraw from a credit sale process it will pay the compensation for all the losses suffered by the Supplier.
- On the basis of an opportunity for credit sale Franchisee will raise a Request For Quotation (RFQ) to all the Supplier (The CP automatic match making feature shall send SMS / Email Alerts to the Suppliers who are dealers in the specific product(s))
- Interested Suppliers will respond with their conditions for supply (Suppliers can place there quote / bid with the terms and conditions from their user control panel / Dashboard )
- The Franchisee will select the Supplier for the deal after negotiations over mail/ phone (Business Intelligence module in the CP shall list all / sort the Suppliers based on the quotes, ratings and other parameters)
- The Supplier, opted by the Franchisee for the credit sale shall validate the genuineness of the Franchisee through suitable means like verification of credentials enquiry by own agents etc.
- The conditions of the credit sale shall be decided by Supplier and Franchisee in mutually agreed terms
- Thereafter, the Franchisee will place the real order and the Supplier will make the shipment within the time schedule. (Franchise gets an Alert via SMS / Email after the above step)

- The Franchisee will make the payment within the agreed time schedule to the Supplier (Automatic/ Manual messages/ Alerts shall be send to the Franchisee by the Payment-Follow-up Module in the CP)
- Rating will be given to the Franchisee as well as the Suppliers for keeping deals to the perfect quality standards by all means such as quality of products, up keeping time schedules, honoring payment schedules etc. (Automated/ Manual based criteria and Parameters set in the CP)
- Franchise and Suppliers can post ratings and reviews that shall be verified by the CP support/ monitoring/ marketing team
- The whole workflow and stages could be monitored by the CP support/ monitoring/ marketing team Dashboard with Business Intelligence Reporting Module in the CP
- In case of disputes between Supplier Base and Franchisee the decision of Coir Board shall be final. In case of any legal proceedings between Supplier, Franchisee or Customer, Coir Board should not be made party to the legal dispute by any of them.

## **7. Coir Connects (CCs)**

- Showrooms will be upgraded as the Coir Connects (CCs)
- Fresh consignment of goods to Showrooms shall be stalled forthwith on launching of this project
- Existing stock of goods shall be liquidated through special efforts like sending back to consignors, sales by special drives, discount sales after getting confirmation from consignors holding exclusive trade fairs, adoption of mobile sales strategy etc.
- All CCs will be given the primary responsibility of establishing Franchisees network within their jurisdiction, with monthly targets
- Each Showroom will be given geographical area for its conduct of business transactions
- The principle will be to have a minimum of one CC in all States / UTs
- All commercial locations held by Showrooms by paying high rentals shall be vacated and the office will be moved to locations available at reasonable rent free mobility
- The godowns now under custody of the Board will be done away with



- CCs will have display of all coir products for education/ information purpose
- After setting up of desired level of Franchisee network the CCs will monitor the Franchisee network as well as concentrate on industry development and implementation of other schemes of Coir Board
- The CCs will act as Mini Head Quarters of Coir Board for the respective States.

## **8. Conclusion**

Today, the visibility for Coir products in the metros and other areas of India are very low. This has been largely due to non penetration of markets under the present set up by the Showrooms due to plethora of reasons including managerial responsibilities. Besides, because of the failure of the consignment model of sales only aged and shabby products are available in Coir Board Showrooms. A paradigm shift in the marketing of coir products in the domestic market need a contemporary strategy that is tinkered with maximization of business, creation of business opportunities, and showcasing of coir products appropriately so that Coir products earn their visibility and marketability. The present system of movement of consignment sales through dedicated depots has not yielded fruit. This underlines the need for introduction of new strategies, going in for paradigm shift, altering the marketing tools, and creating alternate roads to achieve instant results. This approach suggested is expected to yield a turnover of Rs 500 Cr, generating an annual business on a continuum within a period of 1000 days from the inception of the newly designed Project. This novel project is expected to generate livelihood opportunities for at least 5000 Persons directly and more than 20,000 persons indirectly on an all India plane.

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