

Strategic Scenario Analysis of Banarasi Saree of Bangladesh on a Selected Industry

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Abstract:

The primary objective of this exploratory research is to assess the strategic scenario for Bangladesh's Banarasi Sarees in the selected industry. The research is influenced by the descriptive character based on primary and secondary data to produce a compatible analysis (Using the Porter Five Forces model). The study finds minimal entry barriers due to government attempts to support the sector's expansion by examining the number of suppliers that operate there and compete with slight product variations, available supplier switching costs, and weak bargaining power. Many of the raw materials used to make Bangladeshi Sarees are imported from China and India, despite the efforts of certain local enterprises to provide some of these components. As the consumers' bargaining power is enough, given the high pull demand and low production capacity, the availability of suitable substitute products cannot decrease the demand for Banarasi Sarees due to their distinctiveness. Finally, the analysis of the Banarasi Saree market will help with judgments on its development, employment, creation of the marketing mix, and market viability.

Keywords: Banarasi Saree, Strategic Scenario, Porters model, Bangladesh

1. Introduction:

The origins of the Banarasi Saree may be detected to Banaras, a town of the north part of India, during the Mughal era in the 16th century (Singh, 2016). The migrant Muslims from Benaras began producing Banarasi saree in Bangladesh in 1950 at Mohammadpur and Mirpur in Dhaka (The artisan's doomsday 2016). Bangladesh has a long and storied history of small-scale textile industries. Because it is one of the most well-known and historical types of clothing, the tradition has persisted from generation to generation (Hasan et al., 2021). The "Banarasi Saree" industry is one of the most consistent, with sporadic demand and a solid emotional bond with women in particular. Marketers of Banarasi in Bangladesh are incredibly unsure about their competence to exist on current competitive arena (Ferdous, 2014). As a result, there are fewer and fewer artisans, handlooms, and retail establishments. The Banarasi industry today employs about 25,000 people, compared to one lakh two to three years ago. There are just 5,000 handlooms, down from 20,000 in 2004 (shurmi, 2022). The different varieties of Banarasi saris are Banarasi Silk Jamdani, Jangla, Jamawar Tanchoi, Tissue, Brocade, Cutwork, Butidar, and Others. Moreover, there are fewer

Banarasi Saree stores now. The government is currently worried about small businesses. The government is involved in a variety of activities. The meeting decided that the Bangladesh Handloom Board would be more effective and productive (Khan & Momin, 2014).

Additionally, it was determined to conduct training for all parties involved, offer microcredit to weavers, and provide them with all other assistance necessary to raise the costs of weaving products and expand their domestic and international markets. One of Bangladesh's traditional cottage industries is the Banarasi industry. In our nation, women are the primary Banarasi consumers. The fact that this industry is rapidly going extinct is concerning. Many people will lose their jobs if appropriate measures to maintain this business are not taken, and the nation will lose a beautiful tradition. The sector must be examined, and practical solutions must be developed to rejuvenate aging.

In his 1980 book "Competitive Strategy: Techniques for Analyzing Industries and Competitors," Michael E. Porter presented and illustrated the 5 factors influencing firm tactics (Porter, 2012). Porter's Five Forces model highlights the strength, profit potential, and power balance between various organizations in a competitive market (Porter, 2012). Although various flaws in this model came to light over time, it continues to be helpful in guiding the development of survival and growth plans for Bangladesh's Banarasi industry in the face of intense competition and challenging market conditions. Therefore, the research concentrated on the strategic scenario analysis of the Bangladeshi Banarasi Saree sector. Entry obstacles into the industry, supplier, and buyer negotiating power, replacement products, and competitive rivalry are all considered in the analysis. By correctly implementing Porter's Five Forces Model Framework, Banarasi Saree Marketers will gain advantages regarding their company's strategic position due to this Study.

1.1 Theoretical framework

Strategy

The logic by which an organization work out for participating in the competition for achieving financial benefit. (McDonald et al., 2011).

Banarasi Saree

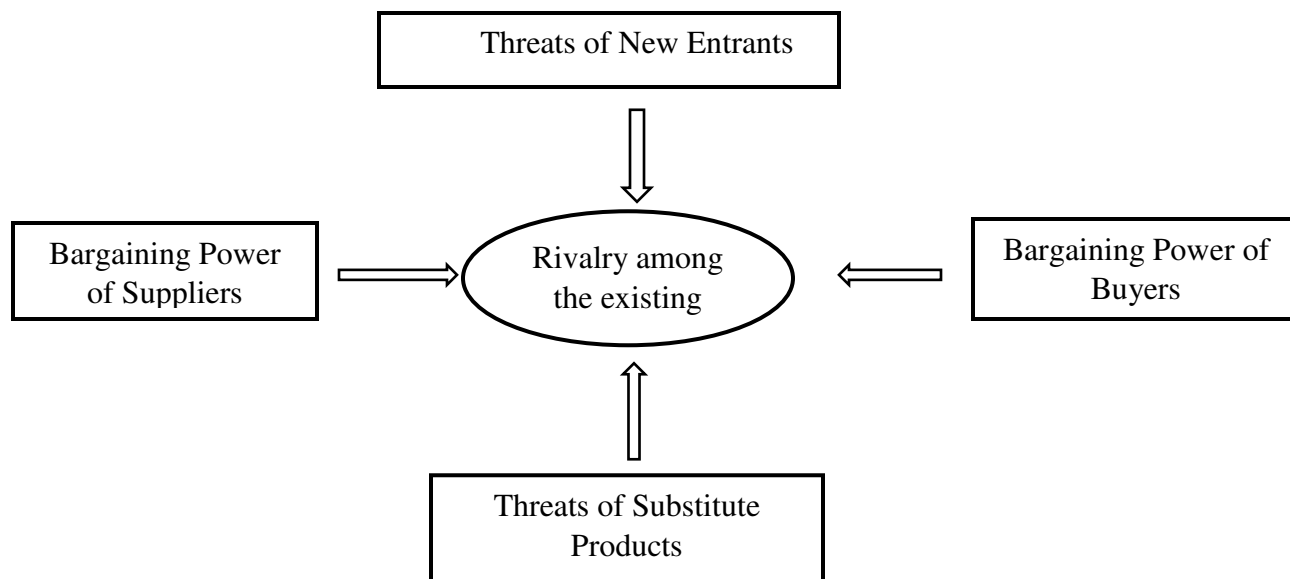
Silk and Zari is the major raw material effective for fabricating the traditional gorgeous Saree that women wear in the mainland of India, Pakistan, and Bangladesh. The primary consumers of Banarasi Sarees are the wealthy group of people who choose this traditional symbols in different celebrations. (Various categories of Sarees in India 2012).

Industry

A collection of productive businesses or organizations that provide goods, services, or income sources (Chesbrough, 2007).

Porter Five forces Model

A framework for the demonstration of an enthralling perspective on which an industry may attain the strategic benefit over the whole industrial sectors by implementing the 5 essential factors. (Zou & Cavusgil, 1996)



Source: Michael Porter, "How Competitive Forces Shape Strategy," *Harvard Business Review*, Retrieved: Porter's Five Forces EXPLAINED with EXAMPLES (2016).

Bargaining Power of Buyers This demonstrates real influence that customers have over the business. Customers' high bargaining power depends on their purchasing volume, the homogeneity of the products, and low switching costs in several industries. Users may combined reverse and assemble all units in the industry whether suppliers demonstrate maximum financial return. (Porter, 2008). Consumer capacity may be decreased by enhancing consumer shifting costs, inspiring product fidelity,

or product variability for enhancing value-added things and divert the customer purchase intention from value to quality (Shin, 2001).

Purchasing Influence of Suppliers

Powerful suppliers occasionally demand higher prices while lowering the quality of their goods or services to add more value or transfer costs to another organization of the industry. The low quantity of vendors, innovative products, reasonable pricing exerts the supplier's high power. (Porter, 2008).

Threat from new competitors

In order to get profit, existing company faces competition of new industry as they charge lowest price. Those new industry compel gradually into the entire commercial sector from switching in the market. (Porter, 2008). Some entry impediments refers to restricting distribution channels, aggressive marketing tactics, and establishing brand fidelity to enhance customer shifting costs and hinder prospects from reaching supply chain efficiency.

Threat of Replacing

When a consumer must choose between two products that might provide the same level of utility, this situation is referred to as the threat of replacements. Substitute products promote rivalry in the market (Porter, 2008).

Existing Conflict

The degree of rivalry and the number of aggressive businesses influence a firm future profit. Industrial low performance, much rivalry forces, and not concentrating the others symptom causes the high existing conflict. The Prisoner's Dilemma Model from Game Theory illustrates that where collaboration is improbable, and one firm will be the achievers by losing the other firms, if one competitor enhances its attention on innovative market, this symptom provides the positive signal. (Porter, 2008; McAdams, 2008).

1.2 The objective of the Study

The general objective of the research is to conduct a strategic scenario Analysis of Banarasi Saree of Bangladesh; furthermore, these are the particular objectives:

- To analyze contemporary issues those triggers the industry
- To assess the industry with utilizing the Michael Porter's five forces model.

2. Literature Review:

Budiharso et al. (2022) described how Michael E. Porter developed the top Five Forces concept and model, giving it the power to help businesses, governments, and other organizations establish competitive strategies. (Tran, 2020) in the Vietnam Textile and Apparel Industry, under industry entrance barriers, supplier and buyer bargaining power, substitute products, and competitive rivalry, used the Michael Porter Analysis Model. Straková et al. (2020), the five competitive forces statistically impact how industrial enterprises choose their business strategy. The Bihari group experiences identity crises due to their status as immigrants. Minorities denied fundamental rights, or Bangladeshi and Pakistani citizens (Haider, 2018). Investigating the current state of Bangladesh's handloom weaving industries is the goal of the current Study. Additionally, the characteristics and current developments of locally produced woven fabrics made on handlooms and power looms are examined (Liton et al., 2016). Vinay (2022) showed a variety of Zari required to weave the different categories of Banarasi Saree from the ancient periods to present. Lacking of backward linkage is responsible for the struggle of weavers discomfort situation of the Banarasi industry (Tanvir et al., 2016). In order to attain the objective of competitive advantage through cost and differentiation strategy, sought to identify the competitive framework that encompasses Porter's competence strategy (Kabue & Kilika, 2016). Specifically, Indian mainland female generation wear Banarasi Sarees, which made of silk and zari (Shukla, 2015 ;). Additionally, it was suggested that it was past due to identify the sector's issues and develop potential remedies to help it recover. For several specific products, the Study's findings indicated a good correlation between the existing product's price range and new competitors' price range (Derné, 2015). He investigated and assessed the Banarasi silk business's distribution methods from its clients' viewpoints (Basole, 2015).

One of Bangladesh's traditional cottage businesses is handloom weaving works as a valuable section of reducing unemployment rate. (Banarjee et al., 2014). The wealthy class typically wears Banarasi Sarees at important events (Syeda, 2014).

The purposeful postponement and political indecision on the side of the governments of Bangladesh and Pakistan caused the unsolved repatriation issue (Basu, 2014). The Cooperative Bank of Kenya's performance and Porter's Five Forces model have a significant positive association (Indiatsy et al. 2014). Considering the current diversity and

incalculability of unstable industrial situation, analysis of a simplified scenario of Porter's model's influence on the profitability of specific industries revealed that the theory is effective for the small scale firms (Chesbrough & Appleyard, 2011). Mostafa & Klepper (2010) created a model of the propagation process and evaluated it using data from two pivotal moments in the history of the Bangladeshi clothing industry. Evidence suggests that idea planting stayed crucial of sector's partial development & continued growth. Porter's five forces model emphasizes the essential benefits and drawbacks (D'Aveni et al., 2010). The centuries-old Banarasi silk industry is the primary source of income for millions of people in Eastern Uttar Pradesh. The model works as a most effective instruments on the analysis of strategy of various firms and certain commercial equity not concentrating its shape. Neither of these governments has made many efforts to address the Bihari community's issues (Farzana, 2009). He also noted a few key elements slowly holding this sector's wheels in place. Rahman (2006) claimed that many people would lose their jobs and the nation would lose a beautiful tradition if the essential measures to maintain the Banarasi business were not taken. It demonstrates how Porter's Five Forces Model of Competitive Analysis can explain poor profitability and potential market entry into a market (Grundy, 2006). Numerous internal and external variables have contributed to Bangladesh's handloom industry's spectacular past, dubious present, and hazy future (Ghosh, 2005). There are several significant potentials for using Porter's model, such as mapping the competing dynamics, which can differ dramatically among markets, competitive landscapes, and within the same industry (Chen, 1996).

The literature mentioned above demonstrates that several studies have been carried out in different session. Everyone is aware that the Banarasi industry has the significant impact on the economy of Bangladesh. Research conducted by many companies in the Banarasi Saree market has fully demonstrated how vital the Study is for formulating the right strategy. Those studies discovered that very few studies had been done from the standpoint of Bangladesh by looking at various facts. This Study will examine the strategic scenario analysis of the Bangladeshi Banarasi Saree industry using the Porter 5 Factors model, which will be helpful to make tactical decisions about the industry's growth, employment, 4P's design, profitability, and competitiveness.

3. Methodology of the study

The descriptive nature of the investigation is carried out using primary and secondary data sources. The Study is based primarily on acquiring primary data through interview techniques utilizing open ended questionnaire by implementing Porter's Five Forces model of strategic scenario evaluation of Banarasi Saree from Bangladesh. The respondents are chosen using the random sampling technique from among the business owners and staff members operating at Banarasi Polli in Gangachara, Rangpur. The Study's sample size is 30, with 20 respondents working for the Banarasi sector and 10 being entrepreneurs. Narrative analysis is used to analyze the collected interviews data of the respondents utilizing Porter's Five Forces model and objective setting through observation. For better enrichment of the study, some secondary data have been used and gathered from various sources, including websites of Banarasi producers, government agencies, and various publications relating to the business.

4. Findings and Analysis

Data collected from the interview method of the selected respondents are presented by Michael Porter Analysis Model under those essential criteria, i.e., industry entry obstacles, bargaining power of suppliers, bargaining power of buyers, substitute products, and competitive rivalry.

4.1 Entry Barriers

- **Economies of scale**
Assessment: Increasing economy of scale affects the fixed costs as well as variable costs for most of the Banarasi Saree apparel enterprises in Bangladesh as the firm may buy supplying item at minimum values. (Large order), lower price of manpower and exercising labor expertise.
- **Restrictive government policies**
Assessment: Bangladesh's government is inspiring to put money into the Banarasi Saree; but some of the environmental issues acts as strategic impediments to high scale organization.
- **Access to the inputs**
Assessment: Input accessibility is high in the Banarasi Industry because of the system of significant suppliers and traders to spin raw materials.
- **Access to distribution channels, customers**
Assessment: As the availability of traders focused on local customers create the easiest path to access the distribution channels. Banarasi Saree producers must need sufficient internal assets to provide the customized product.
- **Capital requirements**
Assessment: The major concentration on the Banarasi Saree producers are producing and rectifying based on outsourcing contracts; thus the necessary financial privileges in fixed assets is relatively insignificant.
- **Technical and technology requirements**
Assessment: Banarasi Saree production is on a human made task. Technology requirements are highly needed for the development of human skills, but that is not sufficient.

Critical Review: For the Bangladeshi Banarasi industry, the obstacle to enter in the market are not so large as the government inspires the industry by its flexible rules & regulation and moderate requirements of technology, capital, etc. Following this, input accessibility and channel of distribution comparatively sophisticated.

4.2 Bargaining power of suppliers

- **Concentration of suppliers**
Assessment: The suppliers of raw products is significant; the accumulation level is not large in the industry of Banarasi.
- **The difference in suppliers**
Assessment: The material innovation among suppliers are not so appealing as the entire supply spin is exported from India, China, but a few portions of spin is produced in Bangladesh.

- **Impact of inputs on cost or product differentiation**
Assessment: The cost of raw materials funded about 60-70% of the goods sold that significantly affect product differentiation.
- **The existence of alternative suppliers**
Assessment: The number of alternative suppliers in major countries such as China, India, etc is significant, but the number of suppliers in the Bangladeshi market is not so high because of the ancillary industry has not developed adequately.
- **Risks of enhancing the combination of suppliers**
Assessment: As the number of suppliers for Banarasi industry is large and the monopoly level is not high, so the risks of enhancing the combination of suppliers are not representing.

Critical Review: Maximum availability of suppliers, minimum product innovation, and lower switching costs are the main streams for suppliers less negotiating competence. Currently, the leading suppliers of Banarasi Saree companies are India and China. Some local companies also provide raw materials for Banarasi Saree in Bangladesh. This will be a huge challenge for the peripheral business in those geography, which has not able to meet up the demand of customer.

4.3 Bargaining power of buyers

- **Number of buyers**
Assessment: Banarasi Sarees are used mainly by the group of wealthy customers in various traditional celebrations like wedding and parties. So it creates more appeal to the female consumers by increasing its demand.
- **Information obtained by buyers**
Assessment: As the automation business software is insufficient in this sector, so buyers cannot get adequate information about the Saree, its price, distribution system and promotional aspects. But few companies develop their website to display their Sarees and outlet-related information.
- **Sensitivity to price**
Assessment: Banarasi represents the symbol of different colorful occasions so consumers prioritize more on other issues such as product quality, producing aspects, security, and regulatory compliance, etc. than the pricing.
- **Product and service differentiation**
Assessment: Human expertise makes the Saree huge innovate by showing the uniqueness of weaving, design, texture and color highlighting.
- **Availability of substitute goods**
Assessment: The supply of substitute products is comparatively good enough so the preference for Banarasi Saree is increasing rapidly because of the traditional rural scenario of Bangladeshi culture.

Critical Review: Since the Saree holds the symbol of beautification of women generation, so the maximum demand stays on consumers status and less weaving costs also dictate the high bargaining power of buyers. In particular,

during the ceiling times of quarter two and quarter three on per year, those Saree industry typically continues with at high speed. Moreover, the growing concern of the labor prices in the China market and different trade policies and obligations, With the increasing Trend of Chinese labor costs and expectations from trade agreements, the Bangladeshi Banarasi industry will add value in the global competitive value chain market.

4.4 Substitute products

➤ **Costs of changing products**

Assessment: In the Banarasi Saree industry the high possibility of product changing occurred sharply.

➤ **Correlation of price and quality of substitute products**

Assessment: In the Saree market, a lot of different categories and designer Saree is available practicing variability in values and quality. Therefore, buyers can easily find substitute products with a minimum comparison effort between price and quality.

➤ **The Trend to use substitute products of customers**

Assessment: The female consumers are the primary users of Banarasi Saree so the tendency to consume the differentiation is mostly influential as the changing pattern of demographic profile of consumers.

Critical Review: The intensive capability to make the replica of the substitute product lines is high. This results from the low costs of changing products, the diversity of price and product quality, and changes in fashion trends over time. However, Banarasi Saree always bears differentiated quality that creates demand.

4.5 Competitive rivalry

➤ **Barriers to exiting the industry**

Assessment: High barriers to exiting from the Saree market are due to the unique characteristics of machinery, equipment, and policies for employees' skills.

➤ **Industry Concentration level**

➤ **Assessment:** From Bangladeshi perspective, the number of the business of Banarasi Saree is less in compare to other developing country. So for that, the quantity, performance and growth of the Saree producer is not satisfactory level compared to other businesses.

➤ **Added value**

Assessment: The industry's added value is currently low due to the primary performance.

➤ **Growth status of the industry**

Assessment: Due to the traditional views of South Asian women, the demand for Banarasi Saree is increasing day by day. Behind this, the unique features of the Banarasi Saree constantly expanding its growth in the Saree market.

➤ **Excess capacity**

Assessment: Currently, most of the Banarasi Saree industry in Bangladesh is operating at maximum capacity due to the favorable customer demand.

➤ **Difference among products**

Assessment: Banarasi producer make differentiation on their Saree as well service by implementing labor expertness and creativity.

➤ **Screening status in the industry**

Assessment: Screening status in the industry of Banarasi is growing rapidly for the vital reason of the competitiveness on the raw materials and dynamic customer demand.

➤ **The ability to impose a price**

Assessment: The Producers competency to exert prices is high since this industry is scattered and the differentiated level is too large in some cases.

Critical Review: Although there is a high demand in the sector, there is also a high level of competition. Competition exists not just for big clients but also in the markets for labor and supplies. Because Bangladesh's ancillary sector currently only meets a small portion of the country's input needs, businesses must contend with fierce competition to obtain high-quality raw materials at competitive prices. In addition, one of the most crucial components of the industrial process in Bangladesh is human resources. Most of the Banarasi Saree industry workers are men with a few years of experience. To attract and keep personnel, particularly those with experience and talent, the producer of Banarasi Sarees must engage in fierce competition.

5. Conclusion & Recommendation:

The Study's main focus was analyzing Bangladesh's Banarasi saree's structural industry. It provides clear information on industry entry barriers, supplier and buyer bargaining power, replacement products, and competitive competition. Because of government initiatives, there are not many complicated entry obstacles for Banarasi. Entrepreneurs in Banarasi do not need much money, cash, or modern technology to launch a new firm. Additionally, access to inputs and distribution channels is relatively simple compared to other enterprises. The industry operates with a large number of suppliers, moderate product variations, and low switching costs of suppliers, where supplier leads some bargaining strength. Every year, this industry has been producing the highest pull demand for Banarasi Sarees in the peak quarters, which helps to limit purchasers' bargaining power. So the government should impose the restricted policy on entry level of the Banarasi industry. Overall, the Study found that the Banarasi saree industry analysis will help to make wise decisions about its expansion, employment, 4P's design, and profitability.

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