

A STUDY ON TIMBER MARKETING IN SALEM

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Timber has been used for thousands of years as a building material for homes, bridges, fences, barns and furniture. Building with timber is cost effective, aesthetically pleasing, and environmentally responsible. Artists can use timber to create delicate sculptures. Timber has long been used as an artistic medium. It has been used to make sculptures and carvings for centuries. It is also used in woodcut printmaking, and for engraving. Certain types of musical instruments, such as the xylophone and marimba, are made mostly or entirely of wood.

In Salem, the timber merchants purchase the timber products from Kerala, Thenkaasi, and Pavoorchathram and even from foreign countries. The timber market consists of a chain of vertical interaction involving importers, canvassing agents, wholesalers, brokers, retailers, carpenters and the final consumers.

The real estate market has recently revived, which has given a boost to all-round demand for timber and panel products. Until 1982, India was a net exporting country of wood and wood products. But after independence, the forest cover has dropped at an alarming rate - from 23% to 8% - prompting the government to drastically ban cutting trees in Indian forests. The government allows imports of wood and wood products in a phased manner and ban exports. By 1985, all imports of wood and wood based products were permitted freely, and since then the

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forest cover has improved from 8% to 24%. This policy continues till date and India is a net importer of timber and panel products.

India regularly imports logs, raw timber and panel products from New Zealand; Malaysia (mainly Sabah and Sarawak); Indonesia; Myanmar; Ghana; Nigeria; Cameroon; Benin; Togo; the Congo; Brazil; Ecuador; Panama; Costa Rica; Guatemala; Venezuela; the US; and Canada. Many of these countries are exporting plantation materials.

India has four climatic zones: alpine; temperate; subtropical; and tropical. The forests of India are sub-divided into 16 forest types producing over 600 species out of which about 200 provide commercial timber. Coniferous forests of pine, cedar, fir and spruce and non-coniferous oak forests are located along the Himalayan range. The international timber business has a wide variety of species available to them in different regions of India. Now the extractions from natural forests have been very much restricted and people are using many imported species. Indian importers go abroad seeking substitutes for Indian species and often introduce new species successfully.

Saw Mill

In timber marketing, saw mill is having a major role for sizing the timber with the help of machines. Using saw mill the raw wood can become a sized wood, which is required for doors, windows, beams and the like.

Statement of the Problem

Due to the boom in the real estate business, the demand for timber increases day- by – day. As there is a tremendous change in the customer taste and preferences, to attract the customers the timber merchants needs to sell varieties of timber and its allied products. It is difficult to satisfy the customers as it is not a frequently purchased product. The price of timber keeps on increasing due to various macro-environmental factors and so it requires huge investments in stock. Adequate knowledge about the movement of timbers is necessary to avoid

the problem of over-investment and under investment. Hence understanding the major problems involved in timber marketing is important to survive in the market.

Objectives of the study

- ❖ To know the sources and varieties of timber.
- ❖ To know the fast moving and slow moving varieties in the study area.
- ❖ To ascertain the problems in timber marketing.

Scope of the study

In timber business, stock and debtors are the major components of current assets, where funds are getting locked. Maintaining optimum level of stock is necessary to avoid the problem of opportunity cost and out-of-pocket cost. Through this study, the researcher attempts to highlight the fast moving varieties of timbers so that the timber merchants can maintain adequate level of each variety. Further, an attempt is made to study the problems in timber marketing and sizeable inferences have been brought out in the light of empirical survey. These pieces of work will definitely help the timber merchants to solve the marketing problem in a long way.

Limitations of the study

1. This study is restricted to the purchase and sales of imported timber logs only. It did not give more importance to the country logs.
2. Most of the timber units do not maintain detailed records pertaining to the cost of the timber on procurement, processing and selling. Even if few timber firms do it, they did not reveal the records.
3. The traders were able to answer all the questions orally without seeing the records.

Research Design

The researcher has applied the Descriptive research design for the study. Descriptive research design is applied to the study to portray the characteristics of a group or individual as a situation.

A sample design is a definite plan for obtaining a sample from a given population. It refers to the technique or the procedure the researcher would adopt in selecting items for the sample. The population for the study includes all the timber merchants in Salem. Sample size for the study is same as the population as there are only 22 timber merchants.

In this study, the researcher has used census method for the purpose of data collection.

Sources of Data collection

The research consists of the application of both primary and secondary data. Secondary data were collected from various sources in order to visualize the production and productivity of timber and the timber market in Salem. Primary data was collected by administering questionnaire cum interview schedules to the timber merchants. The collected data was analyzed by using the following tools:

- Chi-square test
- Ranking method
- Weighted average
- Percentage analysis

ANALYSIS

Weighted Average

1. Sale of Timber

In the present competitive world, every timber merchant has to keep varieties of wood to satisfy the different needs of customers. The traders are asked to express their opinion on the demand for different types of wood and asked to rank them in the order of preference and the result is shown in table 1.

TABLE 1

Sale of Timber

S.No	Types of Timber	Rank									Total
		I	II	III	IV	V	VI	VII	VIII	IX	
1	Sal	2	3	2	2	3	2	2	3	3	22
2	Merban	3	2	2	3	2	2	3	3	2	22
3	Teak	2	2	3	2	2	3	3	2	3	22
4	Padouk	2	3	2	2	3	3	2	3	2	22
5	Kongu	3	2	2	3	3	2	3	2	2	22
6	Vengai	2	2	3	3	2	3	2	2	3	22
7	Vembu	2	3	3	2	3	2	2	3	2	22
8	Ply wood	3	3	2	3	2	2	3	2	2	22
9	Rose wood	3	2	3	2	2	3	2	2	3	22
Total		22	22	22	22	22	22	22	22	22	198

Source: Primary Data.

Table 2
Weighted Average

S.No	Types of Timber	Weighted Average	Rank
1	Sal	4.82	VIII
2	Marban	5.00	V
3	Teak	4.77	IX
4	Padouk	4.95	VI
5	Kongu	5.14	II
6	Vengai	4.91	VII
7	Vembu	5.09	III
8	Plywood	5.27	I
9	Rosewood	5.05	IV

Source: Computed Data

Interpretation

It is inferred from the above table that plywood is moving fast at present as it receives rank 1 with weighted average score of 5.27, next fast moving product is Kongu that receives rank 2, followed by Vembu, Rosewood, Marban, Padouk, Vengai, Sal and Teak that receive ranks 3, 4, 5, 6, 7, 8 and 9 respectively. Thus, it is found that plywood, vembu, kongu and rosewood are the fast moving items.

2. Member of Timber Merchants' Association

TABLE 3
Member of Timber Merchants' Association

S.No.	Category	No. of Respondents	Percentage
1	Member	17	77
2	Non-Member	5	23
Total		22	100

Source: Primary data

Interpretation

It is revealed from the above table that 77 per cent of the respondents are members of the timber merchant association and the remaining 23 per cent of the respondents are non members.

3. Benefits Enjoyed by the Members of the Association.

TABLE 4
Benefits Enjoyed by the Members of the Association

S.No	Benefits	No. of Respondents	Percentage
1	Fixing uniform price	10	45
2	To be Aware of new product	4	18

3	To know the market trend	5	23
4	To face competition	3	14
Total		22	100

Source: Primary Data

Interpretation

From the above table, it is found that 45 per cent of the respondents are the members of the association to acquaint themselves to fix uniform price, 23 per cent of the respondents have become the members to know the market trend, followed by 18 per cent of them to be aware of a new product and the remaining 14 per cent of the respondents have become the members of the timber merchants association to face the competitions.

4. Sources for the Procurement of Timber

TABLE 5

Sources for the Procurement of Timber

S.No	Sources	No. of Respondents	Percentage
1	Forest Depots in Salem	5	23
2	Private Traders	10	45
3	Import from Foreign Countries	7	32
Total		22	100

Source: Primary Data

Interpretation

From table 5, it is inferred that the dominant source for the procurement of timbers is private traders. 32 per cent of the timber merchants import timbers from foreign countries and the remaining 14 per cent of the timber merchants procure from forest depots in neighboring districts like Madurai, Tirunelveli, Thoothukudi and Thenkasi.

5. Problems faced in Timber Procurement

TABLE 6
Problems faced in Timber Procurement

S.No	Problems	No. of Respondents	Percentage
1	Non Availability	3	10
2	Low Quality	4	14
3	High Price	6	21
4	Problems from Forest Department	5	17
5	Problems in Check Posts	11	38
Total		22	100

Source: Primary Data

Interpretation

It is lucid from the above table that majority (38%) of the timber traders are facing the problems in check posts, 21per cent of the timber merchants opine that the timber prices are very high, 17 per cent of the respondents were facing problems from forest department, 14 per cent of them say that the quality of timber is low and remaining 10 per cent of the timber traders face the problem of non – availability of timber.

6. Making Readymade products

This helps the timber merchants to give jobs continuously to the carpenters working under them. They make different sizes and varieties of readymade windows and doors. This makes their work easy as this is a time saving and cost effective technique.

TABLE 7
Making Readymade products

S.No	Making Ready-mades	No. of Respondents	Percentage

1.	Yes	12	55
2.	No	10	45
	Total	22	100

Interpretation

It is understood from the above table that 55 per cent of the timber merchants are making ready-made products like doors and windows.

Chi-square Test

7. Hypothesis: There is no relationship between sources for the procurement of timber and the satisfaction level of the timber merchants.

TABLE 8

Relationship between sources for procurement and satisfaction level

S.No	Sources	Highly Satisfied	Satisfied	Highly Dissatisfied	Total
1	Forest Depots in Salem	2	1	2	5
2	Private Traders	2	5	3	10
3	Import from Foreign Countries	4	2	1	7
	Total	8	8	6	22

Calculated value of chi-square = 4.88

Degree of freedom = $(r - 1)(c - 1) = 4$

Table value = 9.49

The table value of chi-square for 4 degree of freedom at 5 per cent significance level is 9.49.

Since the calculated value is less than the table value the null hypothesis is accepted.

So, there is no relationship between sources for the procurement of timber and the satisfaction level of the timber merchants.

FINDINGS OF THE STUDY

- ❖ It is found from the study that 77 per cent of the timber traders are the members of the timber merchants association, which shows their identity and co-operation.
- ❖ It is clearly understood that majority of the timber traders are procuring the timber logs from private traders
- ❖ It is clear from the study that 37 per cent of the timber traders face problems in the check post.
- ❖ It is found from the research that plywood is the fast moving type.
- ❖ It is revealed from the study that most of the merchants are making readymade products such as doors, windows etc. as it increases their profitability.
- ❖ It is found from the study that timber merchants are getting orders mostly through carpenters and engineers.
- ❖ During festival seasons almost all traders are giving gifts to their middlemen based on their turnover.
- ❖ Advertisement is not given much importance as most of the traders believe on word of mouth in the market.
- ❖ Each and every seller sells specific varieties of timber to avoid cut-throat competition.

SUGGESTIONS

- Many of the timber traders are unaware of the procedures to be followed at the customs office of port trust and central excise office. So, the importers have to engage clearing agents to get their imported logs cleared from the port. To overcome this difficulty special meetings may be conducted to explain about the various formalities involved.

- The Government can also establish clearing houses of its own for clearing the timber logs from the port. This will help large number of small traders who cannot offer to pay the clearing charges levied by the clearinghouse.
- As competition is high, effective advertisement may increase the sales.
- Most of the timber traders were unaware of the invoice price fixed by the exporters because of the existence of middlemen. The invoice price may be published in the newspapers for different varieties of logs.

CONCLUSION

Customer satisfaction is very difficult in timber business as the timber is not frequently used products. The researchers during the study found that word of mouth of final consumers, carpenters and engineers help in getting new orders. As today's customers want to buy allied products under one roof, selling such products is also important to increase the sales. Though there is competition, every seller try to be a niche by keeping stock of specific variety of timbers to avoid cut-throat competition.

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ANNEXURE

PERSONAL INFORMATION

NAME:

ADDRESS:

ANNUAL INCOME:

1. Which of the following factors motivated you to set up timber business?

- a. previous experience
- b. interest
- c. sense of achievement
- d. family business

2. What is the nature of your business?

- a. owned
- b. rented

3. Are you the member of timber merchants association?

- a. member
- b. non-member

4. As a member of association what are the benefits you enjoy?

- a. Fixing uniform price
- b. To be aware of new product
- c. To know the market trend
- d. To face competition

5. Which of the following is the major sources of procurement?

- a. Forest depots in Salem
- b. Private traders
- c. Import from foreign countries

6. What are the various problems faced by you while procuring timbers?

- a. non-availability
- b. lack of quality
- c. high price
- d. problems from forest dept
- e. problems in check posts

7. Rank the following varieties of timbers based on the sales in the previous year

- a. sal b. Merben c. Teak d. Padouk e. Kongu f. Vengai

g. Vembu h. Ply wood i. Rose wood.

8. Are you making ready-made products?

a. yes b. no

9. Among the following sources from which you are getting more orders

a. carpenter b. engineers c. directly from consumers

11. How do you delight your middlemen during festival season?

a. dress materials b. cash c. others

10. Which media do you use to advertise your product?

a. local TV channels b. bill boards

12. Which media do you use to advertise your product?

a. local TV channels

b. bill boards

c. no advt.

13. Are you selling related products like cements, tiles, locks, etc.

a. yes b. no



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