Marketing Practices of Textile Business and Firm's Performance: A Case of Pakistan

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Abstract. Marketing is necessity of every business. In the context of local textile industry of Pakistan, Ghouri et al. (2011) study has been replicated to find the effects of marketing practices on the firm performances of textiles industry in the boundaries of Pakistan. 156 questionnaires analyze from the cities of Faisalabad, Islamabad/Pindi, Karachi, Lahore and Multan. Finding suggested that vague marketing practices are carrying out and textile firms wasting their time and money on marketing practices and forgone the potential benefits.

Keywords: Marketing practices: Textile industry: Firm's performance: Pakistan.

1   Introduction

Textile Industry is providing one of the most basic needs of people and the holds importance, maintaining sustained growth for improving quality of life (Murugeshwari, 2011). In Pakistan, textile sector was one of the major contributors for economy of Pakistan. In terms of GDP, export, employment, foreign exchange earnings investment and contribution to the value added industry, makes it the significantly largest determinant of the manufacturing sector of Pakistan (Pakistan Economic Survey, 2005). The contribution of this industry to the total GDP is 8.5%. It provides employment to about 15 million people, 30% of the country work force of about 49million (Rehman, 2010). SMEs's participants firms were from the apparel and garments sector (77.6%), followed by textile sector (20.0%) that mainly deals with yarn, made-ups and fabrics (SMEDA, 2007). According to Rehman (2009-10), at present, textile industry comprised of 521 textile units (50 composite units and 471 spinning units) with 10.1 Million spindles and 114 thousand rotors in operation with capacity utilization of 89 percent and 60 percent respectively, during July – March, 2008-09.

Now, this key sector continuously loses ground by facing unfortunate combination of various factors. According to the The Textile Icon (2011) companies struggling to retain some contracts with Western brands because of the numerous power cuts, higher production costs, massive strikes and violent protests which harm the Pakistani economy.

In this contrast, researchers believe that, the survival of businesses depends on their capability of market themselves with final product which can assist the Pakistani merchandise to compete at local and international stage. This study conducted to find the awareness level of possessors of textile businesses about marketing in Pakistan context and its importance with the help of the replication of Ghouri et al. (2011) study.

McCarthy (1960) believed that marketing concept introduced around 1960s along with the concept of the marketing mix and four P's of marketing – product, price, place and promotion. Ghouri et al. (2011) alleged that marketing practices contribute in the growth as like increase in volume of sales, grow in return on investment and maintain goodwill.

Mujamdar (n.a) explained in his study that, in competing products, the producers have to create a distinctive identity and reputation is the tool that creates the link between the producer and the product.To get revolutionize edge, entrepreneur or top management should get knowledge of marketing and apply marketing tactics to cultivate their business. From TV ad to a paste poster at the back mirror of bus can promote the businesses more effectively then the unplanned or unstructured marketing practices. Proper marketing strategy(s) add excellence in business activities and strengthen the competitiveness and market share (Ghouri et. al., 2011). O'Sullivan, Abela & Hutchinson (2009) mentioned in their study, that the biggest challenge for the businessmen is to demonstrate and find the effectiveness of marketing activities which they carry out. It is very difficult to anticipate the changes that are likely to be occurred in the marketing situation during the tenure of a firm's marketing plan and it is even more complex to analyze and predict changes for the entire market (Dhanani & et al., 1997). But surprisingly in Pakistan environment literacy and other economical problems are the reasons in effective marketing as mentioned and empirically proved in the study of Bader (1934), in which 388 Interviews were secured and majority of samples trusted to luck in the operation of their textile enterprises, thus indicating they did not use either of these marketing practices.

2   Literature review

Marketing can't be apart from any business and this happens from centuries. Similarly, this is the case with textile industry. Perth committee report (1794) showed that, in 1790s the product innovation and customer oriented products introduced at Ruthven, Tulloch and Cromwell park and did made successful business story. Even governments intervene in the marketing practices in textile industry which illustrated in the study of Pelzman (1982).

According to Abrar et al. (2008) that marketing strategy being more targeted and customer focused, can be exploited to market the organic textile products. Segmentation provides the opportunity to make custom-tailored products. Proper advertising and pricing allows businesses to attract right customer for their products. Commercial relationship and public relation influence the customer relationship which often gives long term or generation wide trade with specific society, group, family or personnel. Further more they argue that product differentiation can be carried out by marketing strategy innovation. But do marketing isn't be a easy task, as Kitson (1978) demonstrated that better understanding of various forces of market are the tools for management of marketing activities. Turner (1957) confirmed that correct assessment of business can only be provided by marketing success. Furthermore, same concept confirmed by Kotler (1972) that the existence and implementation of the marketing concept by a firm, might significantly change the level of its business success.

Marketing plays a crucial role for firms aiming to reduce the negative environmental and social impacts coming from existing products and production systems (Peattie, 2001). Andres et al. (2009) point out that firm performance directly dependent on effectual marketing practices. Hall (1996) confirmed that proper marketing system allows customer the better and quality products. According to Sharma & Vredenburg (1998), effective marketing practices and strategies allow firms to improve their market reputation and to optimize their relations with the community and their customers. Shin et al. (2009) conducted their study in the context of Korea and they explained that, Korean cultural textile products should have different price strategy and product design and development towards target consumers for constantly high quality and popularization of the products. Moreover they argued that, it is hard to find any form of aggressive promotion from Korean SMEs, Nowadays, only a free-

packaging, delivery and emailing services which is for explanations about products are offered to customer s by several online markets. In Germany base study, Hauser (2010) concluded that commercial relationship and supply chain management played a pivotal part in Textile industry. Kotler (1994) confirmed that organizational performance refer to the firm's capacity to manage and improve its relationships with the society, customers, suppliers, or the local community. Tay et al. (2000) explained about the effectiveness of advertisement in their study and wrote that advertising can change the human's routine behavior. Technologies may help firms to obtain costs and differentiation advantages and that these are not incompatible (Christmann, 2000). Last but the soul of marketing explained by Meidan (1975) that Customer need orientation is the basic tool for marketing.

Organizational performance can be indicated on accounting information, on market share or sales' growth, or on market value or stock prices (Menguc & Ozanne, 2005). Moreover, firm performances can be judge on the basis of ROI (return on investment), Goodwill, Employee turnover/ satisfaction, Quality.

Research Questions:

The study will try to find the answers of the following subjects:
a) What major Marketing Practices are used and effect/ affect the Textile industry in Pakistan?
b) How these Marketing Practices related to firm performance?

3.   The Research Framework

Seven independent variables (Marketing practices) as Ghouri et al. (2011) are commercial relationship, segmentation, technology use, supply chain management, advertising, pricing, and public relations, and scrutinize their effect/ affect on dependent variable 'Performance' as Ghouri et al. (2011) (ROI, sale, goodwill, employee turnover/ satisfaction and quality) is investigated.

Ghouri et al. (2011) study's hypotheses are employed:

H1: Commercial relationship, segmentation, technology, supply chain, advertising, pricing, and public relation practices are associated positively to firm performance.

H2: Marketing practices of restaurants and caterers business associated positively to firm performance.
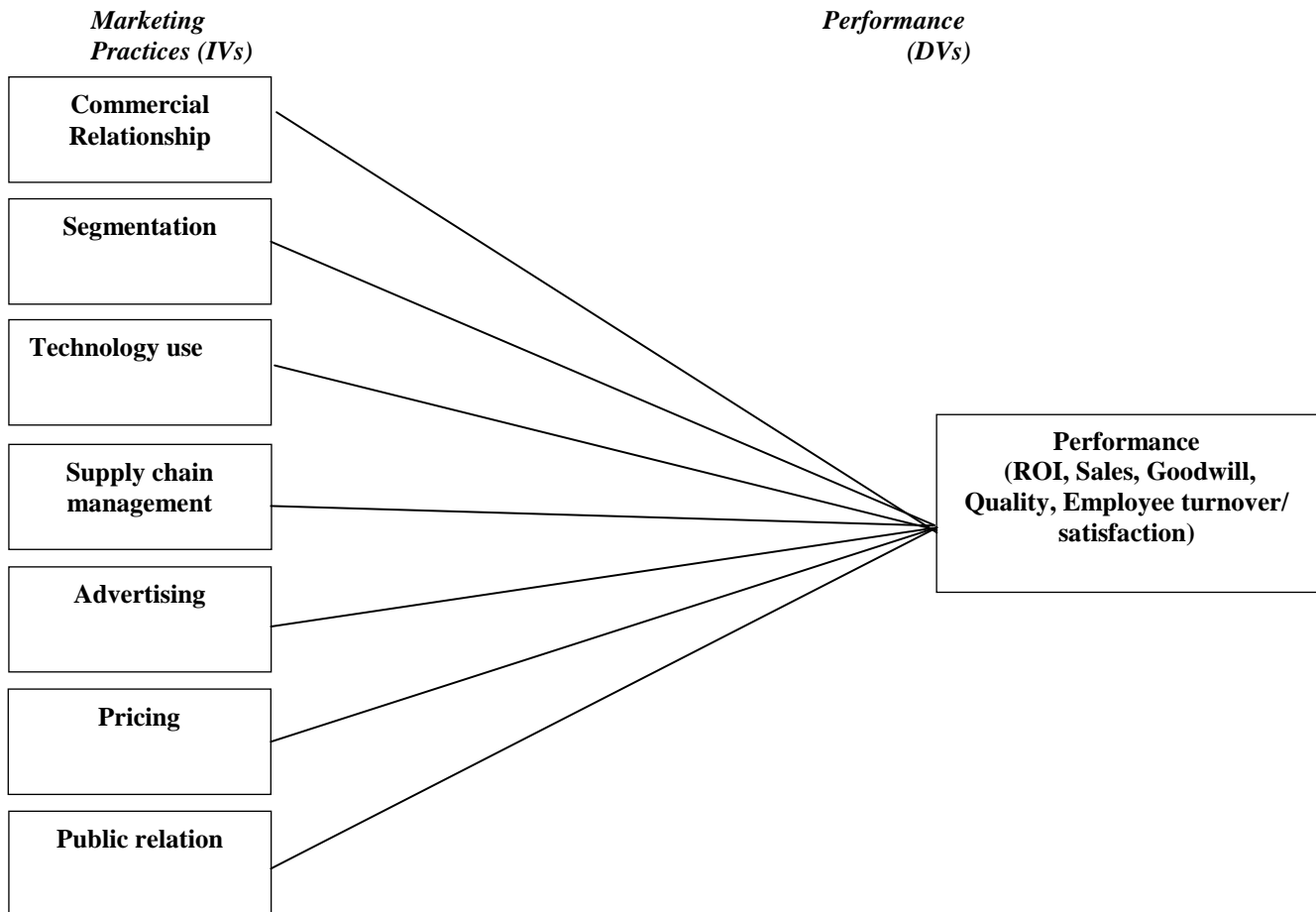
Graph 1. Descriptive statistics of variables

Marketing Practices (IVs) — *Performance (DVs)*

| Commercial Relationship |
| Segmentation |
| Technology use |
| Supply chain management |
| Advertising |
| Pricing |
| Public relation |

| Performance (ROI, Sales, Goodwill, Quality, Employee turnover/ satisfaction) |

Figure 1. Research framework

4. Methodology

4.1 Sampling and Data Collection

Random sample technique was used for the study. Five cities were selected for the survey which had the major clusters of textile businesses. The cities which selected were Faisalabad, Islamabad/Pindi, Karachi, Lahore and Multan. 987 questionnaires were emailed or mailed to textile businesses in English and Urdu languages with supportive letters. 156 (15.81) responses were appropriate for further interpretation and analysis.

4.2 Data Analysis

Hypothesis 1 was test by correlation analysis and hypothesis 2 analyzed by regression analysis. Data analysis completed by using statistical package for social sciences (SPSS) version 14 for Windows XP.

5. Research Findings

5.1 Background of respondents

'Owners' dominate in respond by 86 (55.13%) out of 156, 'marketing manager' total was 32 (20.51%), 'other manager' 30 (19.23%) and 'others' respondent are 8 (05.13%). Male gender dominating the survey, 131 respondent are 'male' (83.97%) and only 25 (16.03%) are 'female'.

Out of 156 respondents, 59 (39.10%) from '41-50' age group, 44 (28.21%) from '31-40' age group, 31 (19.87%) belong to '61 and more' age group, 11 (07.05%) from '51-60' age group and 11 (07.05%) from 'less than 31' age group. The majority of participants (96.79%) are 'married', and (03.21%) are 'single'.

Academic qualification response shows that 59 (37.82%) respondents have passed 'matriculation', 40 respondents (25.64%) have the education level of 'intermediate', 33 (21.15%) respondents were 'under matriculation', 12 (07.69%) have 'graduate' degree, and 12 (07.69%) have the education level of 'masters or above'. This proved that education level is lacking in textile industry.

Tenure in company/ business shows, 67 (42.95%) have the tenure of '61 or more', 42 (26.92%) have '43 months-60 months' tenure, 41 (26.28%) are working/ owning from '25 months-42 months', 6 (03.85%) have the tenure of '7 months-24 months', and zero respondent have the tenure of 'less than 6 months'.

5.2   Descriptive statistics of variables

Table 1 highlights descriptive statistics of the main variables of the present study, i.e. dependent variable, performance, and independent variables: commercial relationship practice, segmentation practice, technology use practice, supply chain management practice, advertising practice, pricing practice and public relation practice.

The respondents generally perceived that they are getting highly moderate positive result from their marketing activities (performance) (mean = 3.692, SD = 0.511)

But they perceived that they insignificantly involve in, public relation practice (mean = 2.611, SD = 0.622), segmentation practice (mean = 2.335, SD = 0.802) and technology use (mean = 2.232, SD = 0.615), and.

Participants supposed that they moderately involve in commercial marketing practice (mean = 3.446, SD = 0.417), pricing mean = 3.412, SD = 0.644), supply chain management practice (mean = 2.996, SD = 0.776) and advertising (mean = 3.003, SD = 0.675).

Table 1. Descriptive Statistics of Variables (n = 156)

Item	Mean	Standard Deviation
Commercial marketing	3.446	0.417
Segmentation	2.335	0.802
Technology use	2.232	0.615
Supply chain management	2.996	0.776
Advertising	3.003	0.675
Pricing	3.412	0.644
Public relation	2.661	0.622
Overall result	**2.869**	**0.650**
Performance	3.692	0.511

5.3   Marketing practices effect on performance

As indicated earlier, five items were used to measure the perceived involvement and importance of marketing activates with performance. Table 2 highlights the descriptive statistics for each item. All five items show the moderate responses/ results, highest average value is of, marketing activities are intended to increase or maintain company's sales (mean = 3.993, standard deviation = 0.418),

103

followed by, marketing activities are intended to increase or maintain business's' ROI (mean = 3.732, standard deviation = 0.656), marketing activities are intended to increase or maintain our goodwill (mean = 3.098, standard deviation = 0.982), , marketing activities are intended too increase or maintain our quality (mean = 2.955, standard deviation = 0.947) and marketing activities are intended too increase or maintain our employee turnover/ satisfaction (mean = 2.622, standard deviation = 0.541).

Moderate responses are finding about performance by different marketing activities.

Table 2. Marketing practices effects on performance

Item	Mean	Standard Deviation
1) Our marketing activities are intended too increase or maintain our ROI	3.732	0.656
2) Our marketing activities are intended too increase or maintain our sales	3.993	0.418
3) Our marketing activities are intended too increase or maintain our goodwill	3.098	0.982
4) Our marketing activities are intended too increase or maintain our employee turnover/ satisfaction	2.622	0.541
5) Our marketing activities are intended too increase or maintain our quality	2.955	0.947
Total mean	**3.478**	**0.601**
Note: 1 = strongly disagree 2 = disagree 3 = neither disagree nor agree 4 = agree 5 = strongly agree		

5.4 Correlation matrix

This study examines the nature of the relationship that exists between independent and dependent variables. Pearson correlation runs to determine the relationships amongst the variables. As a result, a correlation matrix is presented in table 3.

As can be seen from table 3, five independent variables show a negative and significant relationship to performance of firm by marketing activities. Supply chain management and pricing illustrate the positive and significant relationship. This posits that that commercial relationship, segmentation, technology use, advertisement and public relation activities aren't use significantly to search out the maximum benefits. However, supply chain management and pricing used as beneficial tool of marketing in textile businesses.

Table 3. Correlations Matrix (n = 156)

Activities……..	1	2	3	4	5	6	7	
Commercial relationship	1							
Segmentation	0.187 p=.005	1						
Technology use	0.483** p=.010	0.661** p=.010	1					
Supply chain management	0.055*** p=.020	0.321*** p=.010	0.248*** p=.002	1				

Advertising	0.445 p=.170	0.345*** p=.066	0.006 p=.060	0.007 p=.187	1			
Pricing	0.334 p=.050	0.347*** p=.000	0.449** p=.020	0.376 p=.004	0.236*** p=.081	1		
Public relation	0.042** p=.000	0.297 p=.901	0.456** p=.000	0.318** p=.009	0.455 p=.030	0.578 p=.794	1	
Performance	-0.411 p=.780	-0.295** p=.000	-0.017*** p=.013	0.645*** p=.000	-0.375** p=.000	0.622*** p=.000	-0.237*** p=.000	1

Correlation is significant at the 0.01 level (1-tailed).
Correlation is significant at the 0.05 level (1-tailed).

5.5 Hypotheses testing

Both hypotheses were rejected, only two variables of hypothesis one is supported since hypothesis one is depending upon seven variables, the forth variable (supply chain management) and sixth (pricing) shows the significant relationship with firm's performance. The results reveal a significant and negative relationship between performance effect, (a) commercial relationship ($r = -0.411$, $p = 0.780$), (b) segmentation relationship ($r = -0.295$, $p = .000$), (c) technology use relationship ($r = -0.017$, $p = 0.013$), (d) advertising relationship ($r = -0.375$, $p = .000$), (e) public relation relationship ($r = =0.622$, $p = .000$). Supply chain management ($r = 0.645$, $p = .000$) and pricing ($r = 0.622$, $p = .000$) of hypothesis one was accepted because there is significant relationship between these two variables and performance of firm.

5.5 Multiple regression analysis

To test the second hypothesis, multiple regressions were used for employing the Enter method. Seven activities of marketing practices i.e. commercial relationship, segmentation, technology use, supply chain management, advertising, pricing and public relation were included in the regression model using a default enter method, to calculate the effects of variance caused on performance (dependent variable). The results are shown in table 4.

The results from table 4 indicate that the multiple regression coefficients (R) is 0.792 and the adjusted R square is 0.433 with the value of F =11.24 at ($p < .05$). This means that 43.3 percent of the variance in performance of firm has been significantly explained by the seven factors of marketing activities.

Table 4. Multiple regression analysis

Overall Influences of marketing practices on firm performance	*R* square	Adjusted *R* square	Std. error of the estimates	*F*	Sig.
0.792	0.588	0.433	0.96242	11.24	.000

6.5 Conclusion

The results of the seven factors of marketing practices are falling at around moderate level on a five-point scale. This is a clear warning that the marketing practices are not handled properly in textile sector of Pakistan which could increase firm's performance.

At performance variable, it is indicated that textile businesses have intensions to increase the performance by investing in marketing efforts.

It can be inferred from the finding of the study that, textile businesses are performing ineffective marketing practices except supply chain management and pricing. This is authors' observation as like Ghouri et al (2011) findings that these Pakistan businesses are cashing that effect because majority of owners/ managers/ caretakers are at low-altitude of literacy.

Those practices, in which textile industry is lacking, can be treated as opportunities by smart textile business personnel. They can make commercial relations with customer and suppliers which can giving them long term benefit and can played a input role in decision making for firm. They can cash out the segmentation by setting their customers and their needs. Efficiency and effectiveness can meet by technology use which can share ultimate gain to firm. Smart and effective advertisement can create magic for particular firm, they just need to find the proper channel to promote their product to their customers and public relation can play a great part to make good will and retention of customers.

Sale force stimulus gets businesses and contracts from giant and local companies, which could resulted in multiplying the investment on sale force (Ghouri et al. 2011).

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