

**MARKETING STRATEGIES OF TEXTILE COMPANIES: THE CASE OF SELECTED
MEDIUM AND LARGE ETHIOPIAN TEXTILE COMPANIES**

by

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for the degree of

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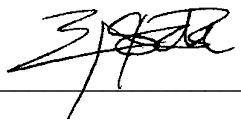
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I declare that **Marketing Strategies of Textile Companies: *The Case of Selected Medium and Large Ethiopian Textile Companies*** is my own work and that all the sources that I used or quoted have been indicated and acknowledged by means of complete references.



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MARCH, 2017

DATE

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‘All things were made by Him; and without Him was not anything made that was made’ John 1:3

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Abstract

The objective of the study was to examine the marketing strategies of Ethiopian medium and large textile companies. The textile sector became the focus of this study because it has performed far below expectation, despite the government's unreserved support to the sector and the country's comparative advantage in the sector.

To attain the stated objective, qualitative research approach with case study design was employed. The cases were selected based on two criteria; production of finished textile products and operation in both local and global markets. Accordingly, nine companies qualified these criteria and all of them were used as cases. The RBV was the theory employed to explain the differences in performances among firms' in similar environment. Furthermore, within and cross case analyses were employed to get in-depth understanding and to explain about the marketing strategies of the firms.

The major findings of the study indicate that the emphasis given to marketing strategy and the marketing resources and capabilities commitment thereof were found to be so low that the companies seemed to equate marketing strategy with selling strategy. Furthermore, the companies failed to link their marketing enabling environment with their marketing strategy. Similarly, such weak link was reflected between the firms' marketing strategy and their market performances. Hence, the marketing strategies of the case companies are so weak that with their current marketing strategy, it is difficult for them to be competent in the local market, let alone in the international markets.

Generally, both empirical and conceptual conclusions were drawn from the findings. As a result, the cross-case findings indicate that marketing resources commitment is linearly linked to marketing strategy which in turn is linked to export performances. Therefore, it can be understood that the link between enabling environment and marketing strategy is direct and the link between

marketing strategy and marketing performances is linear. Hence, it can be understood from this transitivity that there exists a link between firms' enabling environment and their marketing performances.

Key words: marketing strategy, marketing strategy formulation, marketing strategy implementation, marketing capabilities, marketing resources, resource based view, marketing performance, marketing enabling environment, marketing, strategy.

Acronyms

AGOA	African Growth Opportunity Act
COMESA	Common Market for Eastern and Southern Africa
CSA	Central Statistics Authority of Ethiopia
EBDSN	Ethiopian Business Development Services Network
EDRI	Ethiopian Development Research Institute
ETIDI	Ethiopia Textile Industry Development Institute
EU	European Union
GDP	Gross Domestic Product
OECD	Organization for Economic Cooperation and Development
SME	Small and Medium Enterprises
SSA	Sub-Saharan Africa
UNCTD	United Nations Conference on Trade and Development
UNIDO	United Nations Industrial Development Organization
US	United State

Operational Terms

- Strategy :- is a plan of action that is explicit, developed deliberately and consciously, and made in advance to achieve a certain defined objective
- Marketing strategy: - is the total sum of the integration of segmentation, targeting, differentiation, and positioning strategies designed to create, communicate, and deliver an offer to a target market.
- Marketing strategy formulation:- a plan of action to create, communicate, and deliver (segmentation, targeting, differentiation, and positioning strategies) value to guide a company achieve its objective
- Marketing strategy implementation– deploying the marketing mix to create, communicate, and deliver the value

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Chapter One: Introduction

This chapter presents an overview of the thesis. As it is depicted in Figure 1 below, the first part introduces the research problem and the research environment. Next, in the background of the study which sets the business environmental scene, the main textile marketing environment in Ethiopia is discussed. In, the statement of the problem, the research questions, and objectives of the study are then presented. Then, the rationale of the study and its significances to theory and practices are discussed. Finally, the limitations and contributions of the study to the body of knowledge are presented.

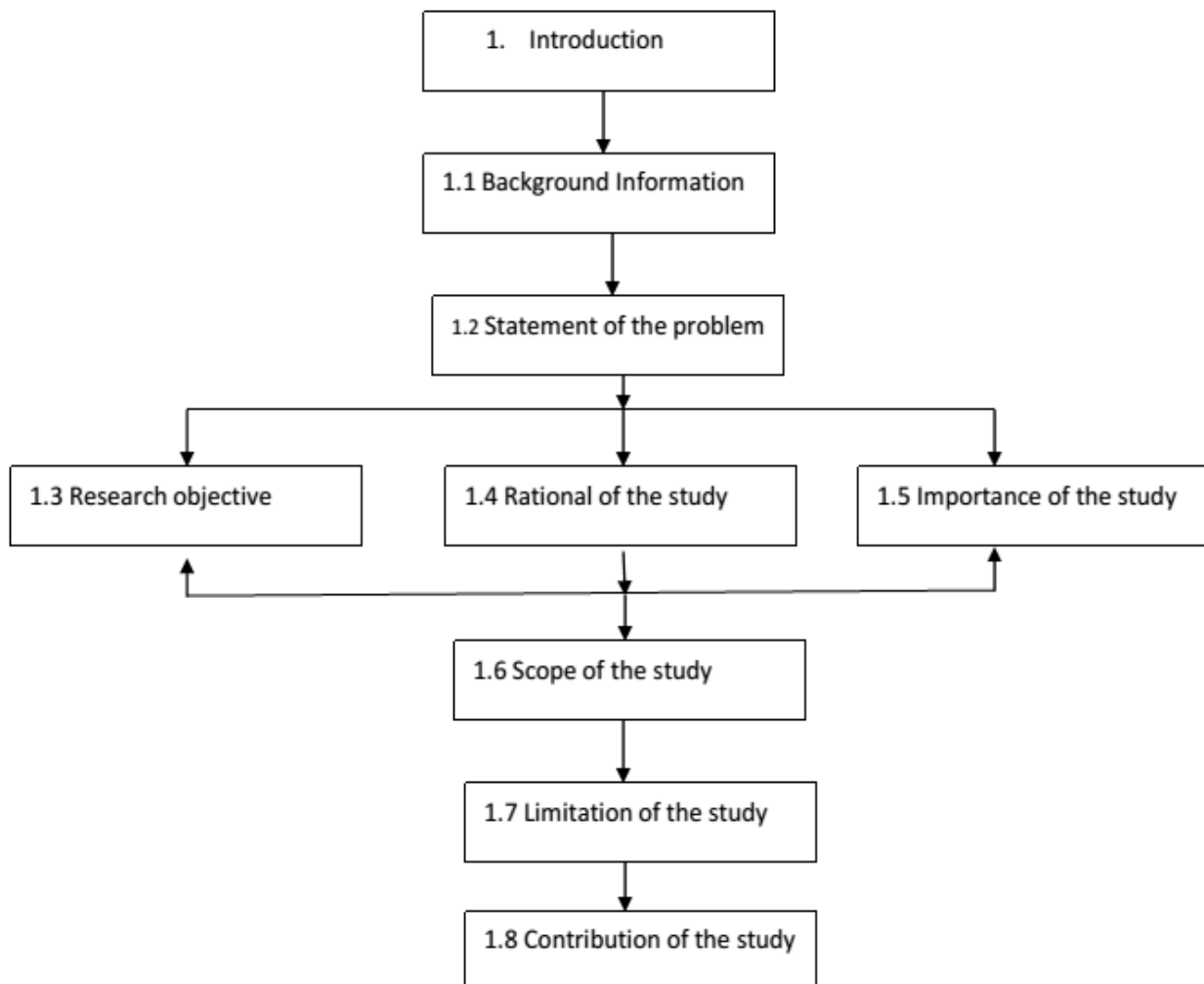


Figure 1: Chapter 1 framework

1. Introduction to the Study

In today's dynamic business environment, appropriate strategy is needed for business companies to be competitive or at least to stay where they are in their field of operation. This is because strategies help firms to guide themselves to the direction they need and to withstand the environmental challenges (Mintzberg, 1987). Mintzberg (1987) further argues that most literatures focusing on the notion of strategy as a deliberate plan set direction for them so as to outsmart competitors or at least enable them withstand the threatening environments. In this context, a strategy is similar to a plan which guides to the future and thereby differentiates firms from one another even from the same industry.

Therefore, the essence of strategy is choosing to perform activities more differently than rivals do (Porter, 2000) and thereby achieve competitiveness mainly through market share (Kennedy & Rosson, 2002). Hence, without an appropriate strategy, an organization is unlikely to succeed unless success comes through chance. Johnson and Scholes (1989) further substantiate this idea arguing that strategy sets the direction and scope of an organization over a long time, which enables an organization to exploit opportunities for itself through its configuration of resources within a challenging environment, to meet the needs of markets, and to fulfill stakeholder expectations. This implies that these two objectives (meeting the needs of the market and fulfilling stakeholders' expectations) will be

achieved to the extent strategies are effective and efficient in both formulation and execution (Johnson & Scholes, 1989).

Consequently, for an organization to have effective strategy, both the formulation and implementation should be given equal attention (El-Ansary, 2006). In this context, the process by which a strategy is created is referred to as a strategy formulation which later overlays the way to appropriate strategy implementation. Similarly, execution of the formulated strategy as per the intent is referred to as strategy implementation. Consequently, strategy formulation and implementation processes should be seen as two sides of the same coin (El-Ansary, 2006; Ahmad, 2007). However, formulating a strategy that integrates logic, analysis, creativity and innovation requires new thoughts and new ways of thinking (Ulwick, 1999). Such deliberately formulated strategies should also be implemented in the way it is intended for reason that without implementation, a brilliantly formulated strategy will be nonsense and without the right formulation implementation will be a futile exercise (Vincent, 2005).

The right strategy formulation should emanate from a well defined organizational vision because for a given firm, such strategy is ultimately a unique construction of itself and it reflects its particular circumstances (Porter, 2000). Thus, what an organization aspires to be in the long run will be directed and scrutinized through strategy formulation. Hence, corporate vision will broaden the scope and depth of strategy so that the direction set will enable to realize what is aspired in the long run. As a result, the general

direction which links the company's vision to its corporate strategy will be further shaped and put into measurable business objectives. These business objectives crystallize the vision into measurable business deliverables. Therefore, business strategies will be developed to each business objective of an organization. Ultimately, marketing strategies are developed from each business objective as different business strategic unit requires its own marketing strategy. Thus, marketing strategy can be viewed as the building block and the starting point where a business organization's vision should base from (Hollensen, 2011).

1.1 Background Information

The favorable climatic conditions, the abundance of rainfall, and the abundant availability of rivers make Ethiopia favorable place to plant cotton (the main raw material for textile) both through irrigation and rainfall. In addition to this, the textile sector is relatively labor intensive with which Ethiopia has comparative advantage. In this regard, UNCTD (2004) research indicates that many developing countries have a comparative advantage in the production of textiles and clothing, which often relies on relatively simple technology and a comparatively large input of low-skilled labor. Besides, the global textile market has become increasingly accessible to developing countries such as Ethiopia (ETIDI, 2012) which in turn increases the importance of the sector to the country.

According to the Ethiopian Central Statistics Agency (CSA, 2008) projection, Ethiopia's population may increase as high as 100 million in 2017. This population can create large actual and potential local market for the textile sector. Besides, new export opportunities were created through initiatives such as the common market of Eastern and South Africa (COMESA), Africa Growth and Opportunity Act (AGOA), and "All but arms" programs and many other trade agreements including the Netherlands and Luxemburg agreements which entitle Ethiopia to export its textile products duty free and without quota restrictions (ETIDI, 2012). Furthermore, EBDSN (2009) estimates that domestic fiber demand increases at an annual rate of 5%, where the per capita fiber consumption is roughly 1 kg which is far below the world's average level of 8.7 kg and Africa's average level of 3.2 kg (EBDSN, 2009). Therefore, all these opportunities enhance the sector's significance to the country through employment creation and income generations. As a result, these opportunities brighten the future of the sector and it can serve as a good source of comparative advantage to the country.

Cognizant to its strategic importance, the Ethiopian government has identified the textile sector as one of the top priority areas of the country. Such priority is justified and clearly stipulated in the country's growth and transformation plan (the five years plan to the end of 2015) with prospect for export and strengthening the agro-industry linkage and broader base

development which will in turn facilitate the shift to industry led development.

Agriculture is the leading economic sector to the country these days. However, as part of the millennium development goals and the elasticity of the industry led development, agriculture will leave its place to industry, according to the country's growth and transformation plan (2010).

1.2 Statement of the Problem

The government of Ethiopia has made considerable efforts to the textile sector development due to its strategic and comparative advantage to the country. The government went to the extent of establishing an independent institute which assists textile firms in their production and marketing activities. Despite these efforts, the performance of the sector is not satisfactory. As a result, like it is the case in many Sub-Saharan African countries, the textile sector has suffered a decline in sales in recent years (ETIDI, 2012) largely due to the inability to compete in the face of low cost and high quality production in Asia. This claim is further supported by the fact that export of textile products does not figure even among the top ten export products of Ethiopia (EBDSN, 2009).

Given the large domestic market, the favorable land for cotton production, and the oversea market opportunities created through AGOA, COMESA, All But Arms, and some other bilateral agreements, the textile industry should

have flourished and played a significant role in the country's economy. However, regardless of these opportunities, the sector's development has been constrained over the years by many factors (EBDSN 2009).

These constraining factors are related to marketing, production, and raw materials (ETIDI, 2012). The problem of raw material for textile production has been given a due attention, and considerable hectares of land have been allotted to it (for cotton production). The consultative forum held by Ministry of Trade and the textile firms' managers and scholars in September (2013) pointed out that production capacity is not as such the critical problem for most companies but their competitiveness even in the domestic markets. Thus, the marketing problem has remained the top critical problem in the sector and hence becomes the center of attention for this study. Let alone being competitive in the global markets, the sector has not even exploited the local market opportunities as expected. Still, the imported textile products hold a large domestic market share and many Ethiopian companies are engaged in importing the products mainly from China, Indonesia, India, and U.A.E which collectively account for 70% of the local textile market (ETIDI, 2012).

The above controversy of huge potential for textile production and market on the one hand and the restricted scale of export and increment of imported textile products on the other hand clearly indicate the competitiveness problems of the textile firms. The competitiveness of companies is

determined by their ability to design and implement appropriate marketing strategy considering their particular circumstances (Porter, 2000). On the other hand, the sophistication of consumers' preferences and the desire to see a better world calls for marketing strategies to become more deliberate and systematic (Kotler, Kartajaya, and Setiawan, 2010). As a result, marketing strategy has become more important than ever before for companies to be competitive, and hence prioritizing it is an important exercise.

Thus, the central research question here was, therefore, how do Ethiopian textile firms formulate and implement their marketing strategies? Examining such processes helped the researcher to identify the marketing strategy problems. In line with this central research question, the following specific research questions were worth to be raised so as to dissect the central research question and then approach the problem from a broader perspective.

Specific research questions

- What is the level of emphasis given to marketing strategy at corporate level?
- How do firms formulate their marketing strategies?
- How do firms implement their marketing strategies?
- How do firms link their marketing enabling environments with their marketing strategies?

- How are firms' marketing strategies linked to their competitiveness?
- To what extent are firms' marketing enabling environment linked to their marketing performance?

1.3 Research Objectives

1.3.1 General Objective of the Study

The general objective of this study was to examine the marketing strategies formulation and implementation practices of Ethiopian textile firms in order to identify key marketing strategy gaps which the companies need to fill to enhance their competitiveness in the market, and to contribute to existing body of knowledge in marketing strategy.

1.3.2 Specific Objectives of the Study

The specific objectives of the study were to:

- Assess the level of emphasis given to marketing strategy at corporate level
- Examine how the firms formulate their marketing strategies
- Examine how the firms implement their marketing strategies
- Appraise how the firms link their marketing enabling environment with their marketing strategies
- Assess how firms' marketing strategies influence their competitiveness
- Scrutinize the extent to which firms' marketing enabling environments are linked to their marketing performances
- Recommend both theoretical and managerial propositions regarding effective marketing strategy formulation and implementation

1.4 Rationale of the Study

Ethiopia has a huge potential for textile production, and there are readily available labor, huge domestic markets, and favorable conditions for exports. The government has also given a due attention to the industry and established an institute to assist textile firms in their marketing activities and production innovations. The production capacity has not been a number one problem for the firms' low performances in the market. Thus, the problem is with regard to competitiveness even in the domestic market.

World leading textile exporters such as China and Pakistan become so by developing appropriate marketing strategies for different markets (Chao & Kumar, 2010; Griffith, 2010). Thus, it is difficult for Ethiopian textile firms to compete with these countries' textile firms with the current view and practice of marketing. Without appropriate marketing strategy, the government's effort may be futile. Hence, an in-depth study on marketing strategy was legitimate to support this promising sector. In this regard, the researcher believed that the result of this study could uncover marketing strategy problems of firms in the sector and contribute its part for remedies.

1.5 Importance /Benefits of the study

This study could be significant in that it contributes to the area of marketing strategy related to the textile sector and pose numerous pertinent questions to guide future research.

The main significance of this study lied on the fact that no existing studies have explored marketing strategies formulation and implementation practices of Ethiopian textile firms. Understanding the power of marketing strategy in achieving competitive advantage and profitability can assist textile firms to develop effective marketing programs. And creating appropriate marketing strategies is believed to help the firms enhance their competitiveness and ultimately their profitability.

As a result, the findings of this study may help the textile firms to improve their marketing strategies and better meet the needs of both domestic and international customers. In this regard, existing literatures attempted to approach marketing strategy either from marketing mix perspective or from the view of formulation and implementation alone. However, this study tried to approach marketing strategy from a broader perspective through linking it backward with marketing enabling environment and forward with marketing performance. Hence, such integrated and comprehensive view of marketing strategy is undoubtedly the unique contribution of this study to the body of knowledge. Furthermore, this study may yield valuable methodological importance to both practitioners and academicians because it applied both within and cross case analyses in the predefined case research design.

1.6 Delimitation of the Research

Since the aim of the study was to examine the marketing strategies of textile firms in the country, those firms were the major sources of information. Because small and micro textile companies are not expected to have clear marketing strategies, only medium and large textile companies were the focus of this study.

Such focus on those firms was believed to result in an in-depth understanding of the research problems concerned on the selected firms. Furthermore, because of the case study design, nine case companies were selected based on two criteria; finished textile products production and market operation in both local and international markets. Hence, the researcher believes that this multiple case study provides insights about the textile companies of the country although generalization to all textile companies may not be warranted.

1.7 Limitations of the Research

While the study can provide valuable insights about marketing strategy in general and marketing strategy formulation and implementations in particular to the selected textile companies, there are some limitations; which may threaten the validity and reliability of the study. In general, the limitations of the research are the following:

- First, the qualitative approach of this study may prevent the generalization of the findings to the entire textile companies in

Ethiopia. Thus, the research findings may not hold true for other textile companies in general.

- Second, this research emanates from the fact that no studies in the country have been previously conducted regarding the formulation and implementations of marketing strategies. Even though this can contribute to the originality and significance of this research, the study did not get the added benefit of learning from the weaknesses and being guided by the strengths of previous literatures.
- Third, because the study was designed to adopt a qualitative approach, potential researcher's bias in data collection and analysis could be a threat. However, the researcher prepared case study protocol and applied similarly to all of the nine case companies to enhance consistency in data collection. Besides, the conceptual framewrok guided both the within and cross case data analyses and hence an attempt was made to minimize the researcher's bias.

1.8 The Research Contributions

This research seeks to make an original contribution to body of knowledge and management practice by recommending how should marketing strategy be viewed and integrated in the overall corporate strategy and how the study of it be viewed from a broader perspective. Hence, despite the above limitations, the major contributions of this study are listed below.

- The fact that no prior study in Ethiopian context attempted to study the marketing strategies of 'the promising sector' justify the context specific contribution of the study
- The study can help textile firms by providing insights as to how they can integrate marketing enabling environment with marketing strategy, marketing strategy with marketing performances, and marketing enabling environment with marketing performances in order to formulate and implement effective marketing strategies.
- The study also explained and persuasively argued how the companies link their marketing enabling environments to their marketing strategy from the inside out perspective. Hence, it tried to bring a new insight as to how resource based view theory is effectively applied in marketing strategy formulation and implementation
- The study also critically examined and postulated the possible reasons why the textile sector of the country has not contributed to the level required despite the considerable efforts and incentives of the government
- The study, based on empirical evidences and extant literature review, established the link between marketing strategy backward to the marketing enabling environment and forward to companies' marketing performances so that each unit of contribution of marketing strategy will be linked to performances which will help managers appreciate

the effect of their marketing strategies not only in their long term competitiveness but also even to short term profitability

- The study also provides methodological contribution in that the depth of marketing strategy can be better understood from the qualitative approach blended with retroductive theoretical perspective and when both within and cross-case analyses are applied in a study like this one.
- Finally, the default theoretical contributions of the research emanates from the fact that there are ill developed literatures in the area of textile marketing strategy. Hence, it will add to the existing few literatures.

1.9 Organization of the Thesis

This thesis has six chapters. Chapter one is the introduction part consisting of introduction, statement of the problem, objectives of the research, rationale, delimitation of the study, limitations, and contributions of the study. Chapter two presents the review of related literatures of marketing strategy and competitiveness. Furthermore, marketing strategy models and their contribution to the topic under consideration and previous research and reports on the area are well assessed. Chapter three presents the resource based view and its connection to marketing strategy. This chapter is especially important in broadly addressing the specific research constructs in this study such as the firms' enabling environments, the marketing strategies, and the companies' performances and the links

between and among them. Chapter four details the methodological approach by which the research was accomplished. Research approaches, designs, sources of data, the theoretical perspective, data analysis techniques, validity and reliability, and ethical issues are covered in this chapter. Chapter five presents the restatement of the research objectives, introducing the case firms, the within and cross case data analyses, and interpretation of the findings. And finally, chapter six presents the conclusions and the study's implications to theory and management practice.

Chapter Two: Reviewing Related Literatures

2.1 Introduction

The purpose of this study is to examine the marketing strategies formulation and implementation of Ethiopian textile firms by considering different factors including the trend of competition in the global textile industry, the government's policy, the opportunities available, and the challenges in the sector.

To begin with, the corporate strategy of a firm is defined in terms of three critical strategic issues; where to serve (defining the target market and the scope of operation), what to serve (defining the product offered to the market), and, how to serve (the deliberate strategy to be used to effectively serve the market). This implies that whom to serve (the target market) and how to serve (the strategy) are defined and contextualized in the marketing strategy should be derived from the broader corporate strategy. Hence, marketing strategy forms part of the broader corporate strategy and involves the crucial decisions of the top level management. Besides, for effective marketing strategy it is essential that it should be viewed in terms of its formulation and implementation integrated processes.

With this in mind, this chapter is intended to put marketing strategy in to broader corporate strategy context. And it is also intended to introduce and

give highlight to the deeper review of marketing strategy in resource based view perspective in chapter three.

Thus, this chapter makes a detailed account of marketing strategy literatures to understand the marketing strategy formulation and implementations of the textile companies. The chapter includes the conceptualizations of strategy, hierarchy of strategy, business strategy model, marketing strategy models, and the development of the textile sector in Ethiopia.

2.2 Conceptualization of Strategy

The term strategy has been defined in a variety of ways, but almost always with a common theme, viewing it as a deliberate conscious set of guidelines that determines decisions into the future (Mintzberg, 1987). Besides, Mintzberg (1987) argues that virtually everything that has been written about strategy making depicts it as a deliberate process and as a result, we think, then we act, then we formulate and implement.

On the other hand, Matin (2013) argues that business strategy is a rational decision-making process by which the firm's resources are matched with opportunities arising from the competitive environment. Still other scholars such as Uggla (2015) regard strategy as the bridge which balances between the organization and the environment. The above views of strategy enables us to simply describe that strategy is perceived not only as a deliberate

process but also as an iterative process of thinking and acting as a precedence of formulation and implementations and as an outcome. And Mintzber and Waters, (1985) argue that because strategy has almost inevitably been conceived in terms of what the leaders of an organization plan to do in the future, strategy formation has, not surprisingly, tended to be treated as an analytic process for establishing long-range goals and action plans for an organization; that is, as one of formulation followed by implementation (Porter, 2000).

Besides, Porter (2000) claims that the essence of strategy is choosing to perform activities differently than rivals do. In this context, strategies enable organizations to perform uniquely implying that different organizations are supposed to have different strategies. Besides, Strategies are both plans of the future and patterns from the past (Mintzberg, 1987). Strategies, therefore, guide organizations to achieve their goals both in the short run and in the long run. In this regard, strategy is understood as plan (Corey, 2003). However not all strategies lead to accomplish objectives and hence the mere existence of strategies doesn't guarantee success. In connection this, Tapscott and Williams (2006) argue that managers these days should think differently than they used to think some decades back regarding the way they perceived strategy. This is because; today's strategy formulation should consider the underlying phenomena of dynamism and consumers' sophistication to remain relevant in businesses.

Strategies may differ from one organization to another depending on the purpose the organizations seek to achieve. Furthermore, organizations which have the same purpose may also differ in their strategies even to achieve similar objectives. Similarly, Ulwick (1999) argues that such variation comes from the fact that each organization approaches strategy in different ways while there is only one solution from the universe of possible solutions that will best meet the objectives called the optimal solution. In this context, finding the best solution is a challenge that all organizations face as they attempt to formulate their strategies.

In addition to this, a strategy should be left open to allow for changes in market conditions since formulating a perfect strategy which will remain in the future, is virtually impossible given the current business environment. However, the degree of openness to entertain the inevitable changes is dependent on the relationship between leadership plans and intentions and what the organizations actually did (Mintzberg, 1987). Hence, we can find two labels of strategies called intended strategy which signifies the strategy formulation and the other called realized strategy which is attained after experiencing the uncertainties of the environment.

Comparing intended strategy with realized strategy, as shown in the figure 2, has allowed us to distinguish deliberate strategies-realized as intended-from emergent strategies- patterns or consistencies realized despite, or in the absence of, intentions. According to Mintzber and Waters (1985), these two concepts, and especially their interplay, have

become the central themes in this research in a sense that strategies though are deliberate plans in the beginning, it is also possible to realize the emergent strategies which might emerge along the course of action. Figure 2 shows the types of strategies.

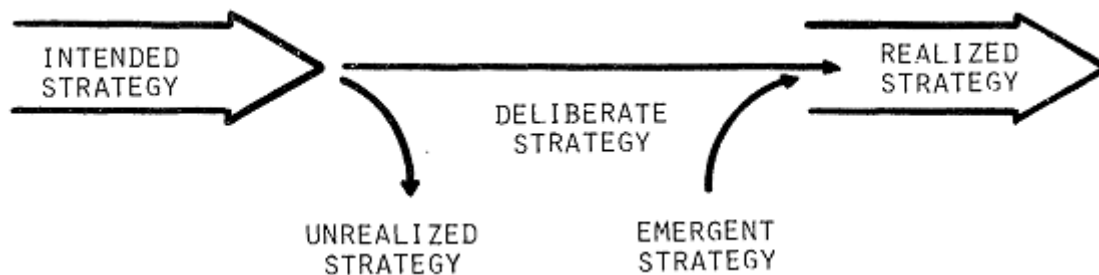


Figure 2: Types of strategies

Source: Mintzber and Waters (1985)

As figure 2 above shows, the strategy must first be intended one as there must have existed precise intentions in the organization, articulated in a relatively concrete level of detail, so that there can be no doubt about what was desired before any actions were taken. Secondly, because organization means collective action, to dispel any possible doubt about whether or not the intentions were organizational, they must have been common to virtually all the actors: either shared as their own or else accepted from leaders, probably in response to some sort of controls (Mintzber & Waters, 1985) . As a result, the realized strategy will be partly the intended strategy and partly the emergent strategy. Similarly, deliberate strategy deserves to be so dynamic in that it should always remain open to accommodate the emerging strategies since the emerging strategies are more recent and practical oriented than the

intended strategies. Hence, companies must be flexible to respond rapidly to competitive and market changes (Porter, 1996) and hence their strategies should entertain both the intended and emerging strategies as the combination of which will have better results than using the intended strategy alone and the inclusion of the emerging strategy is usually the result of dynamism.

2.3 The Hierarchy of Strategy Formulation

Strategies are formulated by organizations in order to achieve a more favorable position. Over the years, a large number of concepts and techniques have been proposed on how organizations should develop a suitable strategy (Feurer & Chaharbaghi, 1995). These strategies are expected to scrutinize the vision of the organization in to manageable and predictable guidelines so that the directions will be set in advance. Regarding this, Ulwick 1999, argue that there are three levels of strategy formulation where the levels are mainly based on scope. These levels of strategy are called corporate level, business unit level, and functional level strategies (Fifield, 2009). The corporate strategy is translated from the organization's vision and it is usually formulated with the intention of guiding the intended outcome of the business organizations. According to Ulwick (1999), these corporate strategies should be refined to business objective then to business strategies. Finally, the marketing strategies will be developed based on the business strategy of the organization. The flow of such strategy is presented in the following figure.

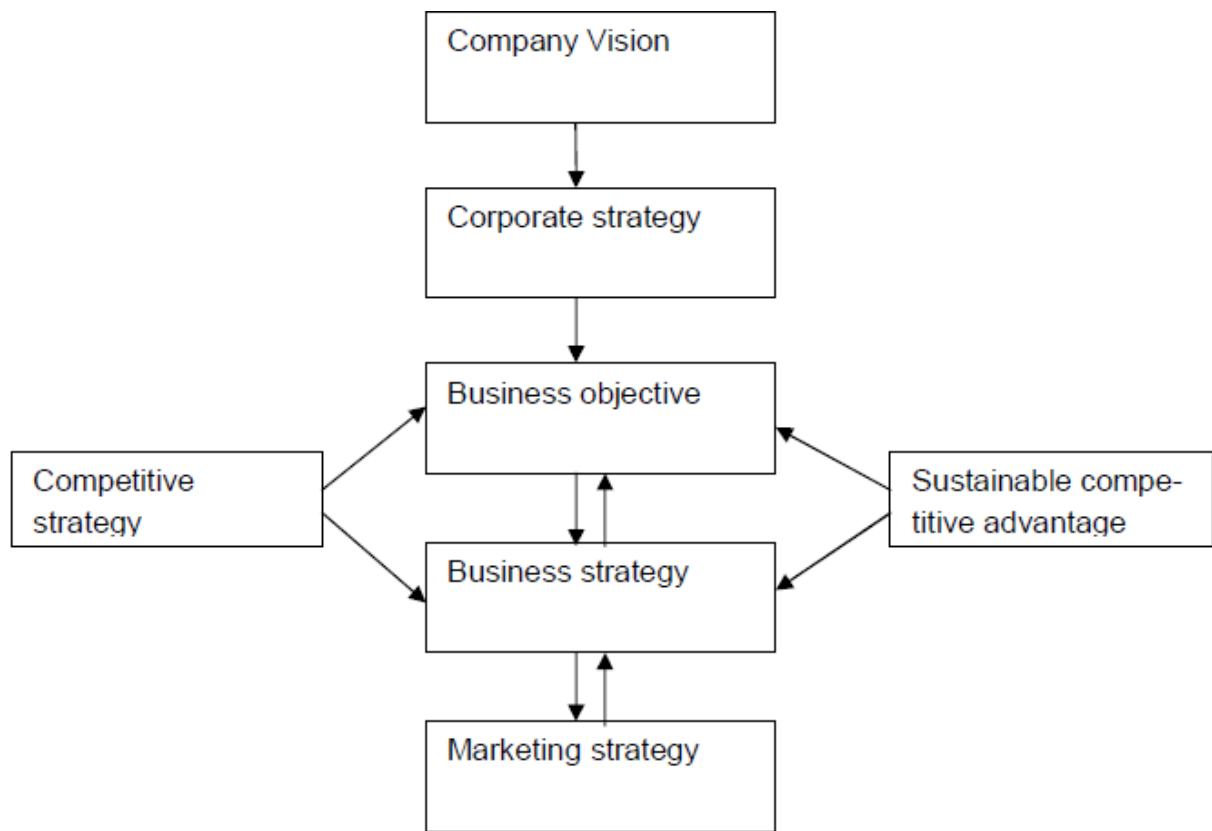


Figure 3: the flow of strategy formulation

Source: Fifield, 2009

2.3.1 Business Strategy

A business strategy is derived from the business objective which is the goal to which all activities of the organization are directed. The business objective defines, in more quantifiable terms, a view of what an organization is going to become (Fifield, 2009). It is for this reason that business strategies are becoming more important than ever before to help firms exploit opportunities and withstand challenges so as to survive in the market. Appropriate business strategies pave the ways for formulating the right marketing strategies. Furthermore, business strategies justify for careful

and deliberate marketing strategies which can accommodate emerging trends in the marketing environment. To better scrutinize the concept, scholars in strategy attempt to model the behaviors and actions in formulating business strategies. Dominant business strategies in strategy literature are: Porter's (1980) competitive advantage model, Miles and Snow (1978) Typology of firms, and Igor Ansoff (1976) Ansoff's matrix.

2.3.1.1 Porter's competitive advantage model

Porter's generic business level strategies; overall cost leadership, differentiation, and focus have become a dominant paradigm in the business literature (O'Regan & Ghobadian, 2005). According to Porter (1985), each of these represents a fundamentally different approach to devise and sustaining a competitive advantage. Usually, a firm must make a choice between them or it will become stuck in the middle. The stuck in the middle situation is a certain way of achieving disappointing results which may later lead to liquidation unless a firm in that place switches to one of the three places. Porter's generic strategies are the following: cost leadership, differentiation, focus or niche strategy.

2.3.1.1.1 Cost Leadership

Cost leadership is a pursuit of a tight cost and overhead control to construct efficient scale of facilities (Porter, 1980). The gist of this generic strategy is cutting out costs as much as a firm can so that become cheapest in the industry. This is achieved via economies of scale and a careful approach to advertising and research and development expenditures. This could mean

having the lowest per-unit cost among rivals in highly competitive industries, in which case profits will be low but nonetheless higher than competitors or, this could also mean having lowest cost among a few rivals where each firm enjoys pricing power and high profits. In both cases, producing a product with a relatively lower cost and selling the product with lower than industry average justifies the profitability of the company.

Thus, to gain competitive advantage, companies employing a cost leadership strategy have to sell their products at the industry competitive price, with a lower cost (Porter, 1980, 1985). According to Porter, the fact that firms in cost leadership develop economies of scale requires potential rivals to enter the industry with substantial capacity to produce, and this means the cost of entry may be prohibitive to many potential competitors.

2.3.1.1.2 Differentiation

Differentiation according to Porter (1980) could mean building a brand, offering a special technology or in most cases creating something that is perceived industry wide as being unique. Porter proposes several means of achieving differentiation. These means include: building brand image, introducing noble design, adding features to the customary products or delivering suitable technology or good customer support. Such unique offering should be well communicated to the target market so that a firm might sell the product higher than the industry average price because consumers will be willing to pay for the difference (Keller, 2008).

2.3.1.1.3 Focus or Niche Strategy

There appears to be no widely accepted conceptual definition of niche marketing. However, a number of attempts to capture this concept share similarities (O'Regan & Ghobadian , 2005). Existing definitions of niche marketing include a method to meet customer needs through tailoring goods and services for small markets (Dalgic & Leeuw, 1994), focusing on a small segment (Doyle, 2002), or positioning into small, profitable homogenous market segments which have been ignored or neglected by others (Simos, Constantine , George , and Matthew , 2014). The fourth definition for niche is that it is a marketing strategy that uses product differentiation to appeal to a focused group of customers (Phillips & Peterson, 2001). Also, Kotler (2003) characterizes niche marketing as focusing on customers with a distinct set of needs who will pay a premium to the firm that best satisfies their needs, where the niche is not likely to attract other competitors, where the niche firm gains certain economies through specialization, and where the niche preferably has sufficient size, profit, and growth potential.

Although it seems difficult to agree on a single-stated definition of niche marketing, the following characteristics may be illustrative for niche activities: defining and targeting small but profitable segments (Menon, Bharadwaj, Adidam, and Edison, 2015) by offering small production volumes, focusing on a few customers, and avoiding markets with many competitors or a dominant competitor (Hezar et al., 2006). Segmenting the

market creatively, focusing activities only on areas where the firm has particular strengths that are especially valued (Menon et al., 2015).

The aforementioned three generic strategies are important at least to substantiate literature in the business strategies. However, the strategies are not without criticism. For example, Wind and Robertson (1983) criticize these strategies of over simplifying the different factors and trying to depict them in a simple matrix. These dimensions and strategies ignore the fact that all markets are heterogeneous and thus a no segmented strategy is inevitably suboptimal (Wind & Robertson, 1983). In addition to this, a focus on generic strategy can serve as an obstacle to creativity and subtly obscure most successful strategies.

Despite the criticism, Porter's generic strategies provide important insights for a firm about identifying its comparative advantage of competition by considering its resource and the type of industry it is in. And for textile industry especially in developing countries, these Porter's strategies deserve attention and it is believed that they are important ingredients for this dissertation though the model lacks clarity as to how these competitive advantages are achieved.

2.4 Typology of Firms

Miles and Snow (1978) provide a classification of firms that takes explicit account of environmental conditions. These typologies have been widely

employed to describe various business strategies within a given industry. The descriptions are as follows:

2.4.1 Prospectors

According to Miles and Snow (1978), prospectors are those organizations which almost continuously search for market opportunities and they regularly experiment with potential responses to emerging environmental trends. In textile industries, where fashion is the dominant force shaping the competition, being proactive is the best way to sustain growth. As Owen (2001) in his third annual pasold delivery put; three forces – globalization, technology, and fashion – have altered the environment in which manufacturers of textiles and clothing are operating. This strategy therefore works for the textile industry where all the three forces have reinforcing power for newness as change in customers' preferences and need for improved textile products pull them at front (Motswapong & Grynberg, 2014).

2.4.2 Analyzers

Analyzers are organizations which operate in two types of product-market domains, one relatively stable, the other changing. In their stable areas, these organizations operate routinely and efficiently (Miles & Snow, 1978). In their more turbulent areas, they watch their competitors closely for new ideas, and then they rapidly adopt those which appear to be most promising (Miles & Snow, 1978). This strategy may work well for textile industry in

developing countries like Ethiopia. These countries can operate in a relatively stable domestic market and in the turbulent global markets.

As the industry is labor intensive, countries like Ethiopia with huge low cost labor force can use their comparative advantage. This is because the least developed countries have generally entered the market at the garment-making stage. And this is the most labor-intensive part of the value chain (Owen, 2001). However, such early product development stage may not benefit those countries to the fullest of their textile potential. They are better to further process the product and change it into finished products so that most value adding activities earn more profit. Understanding such importance, Ethiopia has recognized the value of finished textile products and advises the textile firms to produce finished textile products. In the domestic market, companies may operate routinely but in the turbulent global market they should keep track of innovation of leading companies and adapt these strategies to their own contexts (Makasi, 2015).

2.4.3 Defenders

Defenders are organizations which narrow product-market domain and do not tend to search outside of their domains for new opportunities. According to Miles and Snow (1978), this strategy could work well in a relatively stable environment or in the products which do not lend themselves for rapid innovation. However, as the textile industry is driven by many forces such as innovation and fashion. Such a strategy may result in less profitability and hence may not be recommended at all to the companies concerned.

2.4.4 Reactors

These are organizations in which top managers frequently perceive change and uncertainty occurring in their organizational environments but are unable to respond effectively (Miles & Snow, 1978). This may be due either to lack of resources to withstand perceived retaliation or inability to effectively define change.

Nowadays, textile and clothing industry experience the most turbulent chapter in its history associated mainly with three forces that alter the nature of competition in this sector (Owen, 2001). These forces also change the market conditions of firms and the constant market expansions for some firms and market shrinkage for other firms. According to Own (2001), this becomes prominent especially after the Chinese effect on the market in the last decade. The recent developments indicate that there are several factors which create competitive advantages within international markets in addition to this, Ugglá (2015) argued for critical factors which have significant influences on the business competitiveness. These factors are related to marketing effort, relative product quality, research and development, product innovation, relative service quality and product availability. The most powerful of these are marketing expenditure, relative product quality and level of innovation. But in the textile industry the trend is more on innovation.

The study by (Temiroglu, 2007) indicates that it is very difficult to sustain market share after very high competitive environment regarding such forces as price, quality, and delivery speed. This was further substantiated by the recent study of Makasi (2015) arguing that quality and distribution effectiveness are the determinant factors in the textile industry. Hence, the textile sector is seeking for alternative products which in turn require alternative manufacturing systems and production models and methods (Temiroglu, 2007).

According to Zairi (1994), the key elements of competitiveness include the voice of the customer through current and future demands and the voice of the process through establishing the organizational capability to deliver customer wants. These elements are similar to (Temiroglu's, 2007) forces. The voice of customers is the driving force for innovation particularly in fashion oriented industry such as textile. It is also possible to infer from Zari's statement that the voice of customer will continue to be the determinant element in the future. Hence, any marketing strategy formulation should take into account this determinant factor in these days' dynamic global market.

2.5 Ansoff's Matrix

Ansoff (1976) identified strategic diversification matrix that focused on the company's present and potential future products or areas of engagement to relate to whether marketing strategy is targeted at existing customers or

new customers and if the existing products should be used or as an alternative new product should be developed.

The matrix helps marketers to consider ways with four possible product/market combinations to grow the business via existing and/or new products, in existing and/or new markets. Furthermore, the matrix helps companies to define two key factors for their marketing strategies such as understanding what is sold and to whom it is sold by giving organization four strategic business options which are depicted as follow.

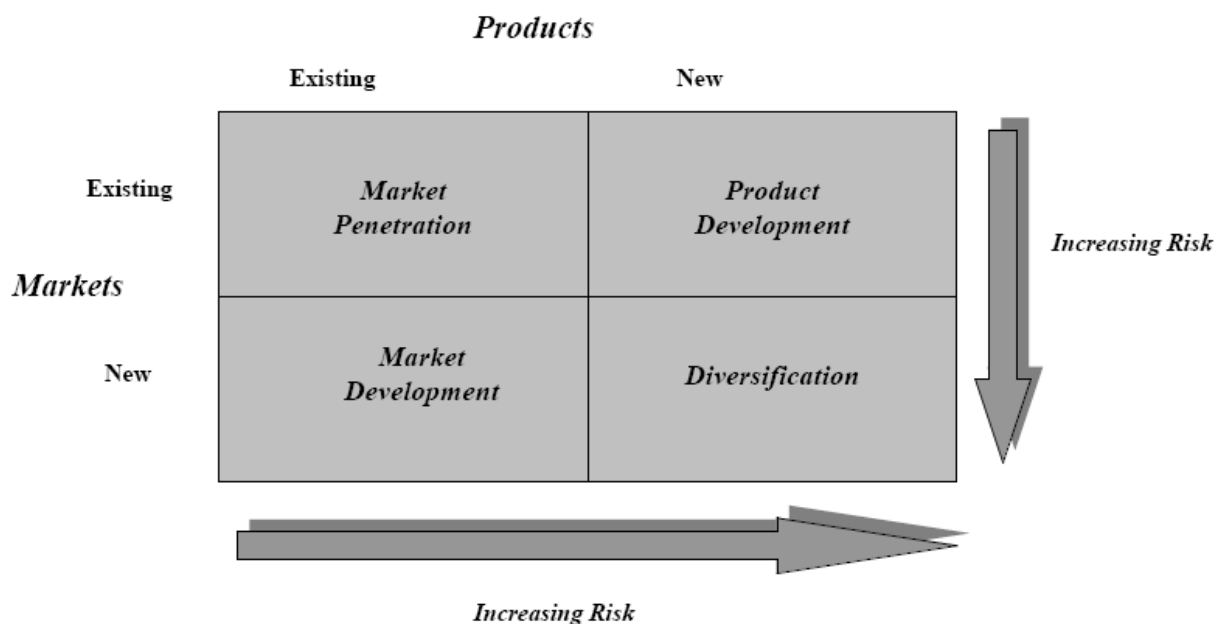


Figure 4: market-product matrix Source: Igor Ansoff (1976)

2.5.1 Market Penetration

This involves increasing sales of an existing product and penetrating the market further by either promoting the product heavily or reducing prices to increase sales. The best way to achieve this is by shifting competitors'

customers to the organization and by attracting non-users of your product or convincing current clients to use more of your product/service, with advertising or other promotions. The problem is that such share gains can be difficult to sustain (Naeem, Nawaz, and Ishaq, 2012). Therefore, a preferred option is to generate a more permanent share gain by winning a sustainable competitive advantage with enhanced customer value or by matching a competitor's sustainable competitive advantage

2.5.2 Product Development

According to Ansoff (1976), the organization develops new products to aim within their existing market, in the hope that they will gain more customers and market share. The logic behind new product development is that meeting the ever changing needs of customers for new product by keeping track and in touch with your company and meeting their new product demands continuously. Hence, new product development can be a crucial business development strategy for firms to stay competitive. However, this strategy may require the development of new competencies and requires the business to develop modified products which can appeal to existing markets.

2.5.3 Market Development

The market development strategy has to do with selling existing products to new markets. It is simply applying an established product in the marketplace which can be targeted to a different customer segment, as a

strategy to earn more revenue for the firm. Thus, it can be done either by a better understanding of segmentation or selling the product to new markets overseas. This implies that it has a relatively low risk to implement because the same expertise and technology and sometimes even the same plant and operations facility can be used. Therefore, there may be potential synergy which may result in reductions in investment and operating costs.

2.5.4 Diversification

This strategy is to develop new products for new markets. This diversification option comes with the greatest level of risk, as it is not based on existing knowledge within the firm (Martin, 2013). An organization that introduces new products into new markets has chosen a strategy of diversification. This can be done either with related products diversification which describes how companies stay in a market with which they have some familiarity and markets or unrelated products which are totally unconnected with the existing products and markets. The risk could even be greater for firms in developing countries with little knowhow and limited effort in market assessment as this strategy resulted in the company entering new markets where it had no presence before.

2.6 Marketing Strategy

2.6.1 Conceptualization of Marketing Strategy

Literatures in the area of marketing strategy lack depth and pervasive investigation on the constructs of marketing strategy formulation and

implementation (Corey, 2003). The major problem is their inability of identifying the major and supporting variables that constitute marketing strategy formulation and implementation and the tendency to see them as separate processes (El-Ansary, 2006). Some literatures define marketing strategy implementation variables with the same variables they use for defining marketing strategy formulation. However, El-Ansary (2006) makes explicit account of marketing strategy literature for a period of 16 years (from January 1990 to April 2006) and comes up with better taxonomy and framework of marketing strategy formulation and implementation. The variables and frameworks that are used for this dissertation are based on this in depth study and with adjustment of some of the constructs based on the pertinent literatures that have been published from 2007 to date (2016).

As getting a single definition for strategy is difficult so it is for marketing strategy, whether one considers the literature on the subject, or the use of term by executives in the business arena who are familiar with the practice (Jain, 2000). For example, Corey (2003) defines marketing strategy as the creation of a unique and valuable position, involving a different set of activities; while business dictionary defines marketing strategy as a strategy that integrates an organization's marketing goals into a cohesive whole. Similarly, Cravens (2000) argues that marketing strategy provides concepts and processes for gaining a competitive advantage by delivering superior value to the business' customers. However, key issues remain similar among the different definitions in that they view marketing as the creation of

unique offer that the market needs so that profitability of the company and customer satisfaction could be achieved simultaneously as an outcome.

Businesses exist to deliver products and services to market and according to Corey (2003), to the extent that they serve this purpose well and efficiently, they grow and profit. The process of implementing business strategies is largely concerned with how marketing activities are accomplished (Slater & Olson 2000; Menon et al., 2015). The gist of this statement implies that although marketing strategy is a sub set of the overall business strategy, it (marketing strategy) is the key for its realization. Thus, marketing strategy translates the business objective and strategy into market terms and marketing activity.

The practical success of the organization's business objective and strategy will depend on the quality of the marketing input right at the top (Fifield, 2009). Hence, the business strategy is as good as the marketing strategy which an organization formulates and implements. Furthermore, Bogdam (2015) argues that at the heart of any business strategy is its marketing strategy which makes marketing strategy to be big but yet poorly approached. And according to Vargo and Lusch, (2004), marketing's service dominant approach implies that marketing strategy should be placed at the core of the firm's strategic planning. Consequently, appropriate marketing strategy formulation and implementation is critical for a business

organization and without it, profitability and customer satisfaction remain for mere chances.

2.6.2 Marketing Strategy Models

According to Corey (2003), there are three key constituents (corporation, customer, and competitor) that enable us to define marketing strategy appropriately. These constituents serve as bases to devise marketing strategy and any tactical plans that follow should well address it. Similarly, in terms of these three constituents, marketing strategy will be well defined as an endeavor by a corporation to differentiate itself positively from its competitors, using its corporate strengths to better satisfy customer needs in a given environmental setting. El-Ansary (2006) further agrees with the three constituents of marketing strategy in a sense that any marketing effort should consider and simultaneously satisfy the requirements of these three “pillars of marketplaces”, for effective and efficient marketing strategy formulation and implementation. However, El-Ansary (2006) looks at the marketing strategy formulation and implementation processes more exhaustively and appropriately, and through exhaustive literature review, he has developed a model which clearly integrates marketing strategy formulation and implementation processes. Due to the exhaustive and pervasive nature of the model, the latter will be adapted in this study and greatly depend on it almost in many parts of this dissertation.

To formulate an appropriate and dynamic marketing strategy, a company should consider the three important pillars; company, customer, and competition (Mandake, Deshumkh, and Mandake, 2016). Considering the needs of consumers will enable firms to segment and target them so that the company will have better information to position the product. Understanding the competitors is an important consideration to differentiate their offers from their competitors. And finally, considering these pillars is important for firms to consolidate their limited resources in profitable and customer preferred offers.

The following figure shows how a company can formulate its marketing strategy based on the three constituents: company, consumer, and competition.

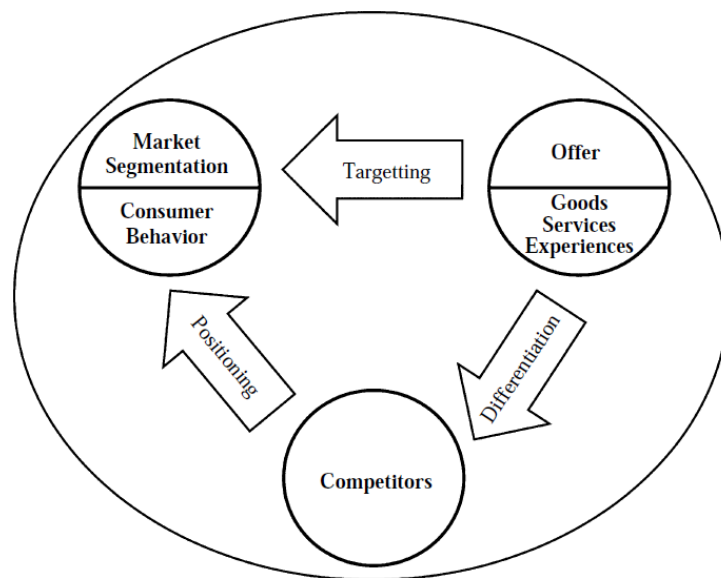


Figure 5: marketing strategy formulation in the context of marketing places

Source: El-Ansary (2006)

These three pillars are also important for effective marketing strategy implementation because they dictate for each formulation variable the type of marketing mix/s to be employed. These marketing mixes are a set of controllable tactical marketing tools through the blend of which the firm realizes its marketing objectives (Kotler & Keller, 2009).

Then, the clearly formulated marketing strategy, considering these pillars must be put into action. Marketing strategy implementation according to Kotler and Keller (2009) is the process that turns marketing strategies and plans into marketing actions to accomplish the marketing objectives. Similarly, El-Ansary (2006) describes that marketing strategy implementation is the process of deploying the marketing mixes to create, communicate, and deliver the value.

Hence, marketing strategies implementation should be considered as an integral part of formulation in this dynamic market because when formulation is designed it is clear that the implementation variables should be defined and aligned in such a way that which formulation objective needs the deploying of which marketing mix. Similarly, Menon et al., (2015) argue that in the face of a high level of turbulent global market there is a need for a dynamic approach in which strategy formulation and implementation are carried out simultaneously. And such integration should be continuous and if change is required in formulation, it is inevitable that there must also be change in implementation strategy because if the firm touches one it touches them both.

This integration and continuous improvement in marketing strategy formulation and implementation process is giving rise to new collaborative capabilities and business models that will empower the proactive firm and destroy those that fail to adjust (Tapscott & Williams, 2006).

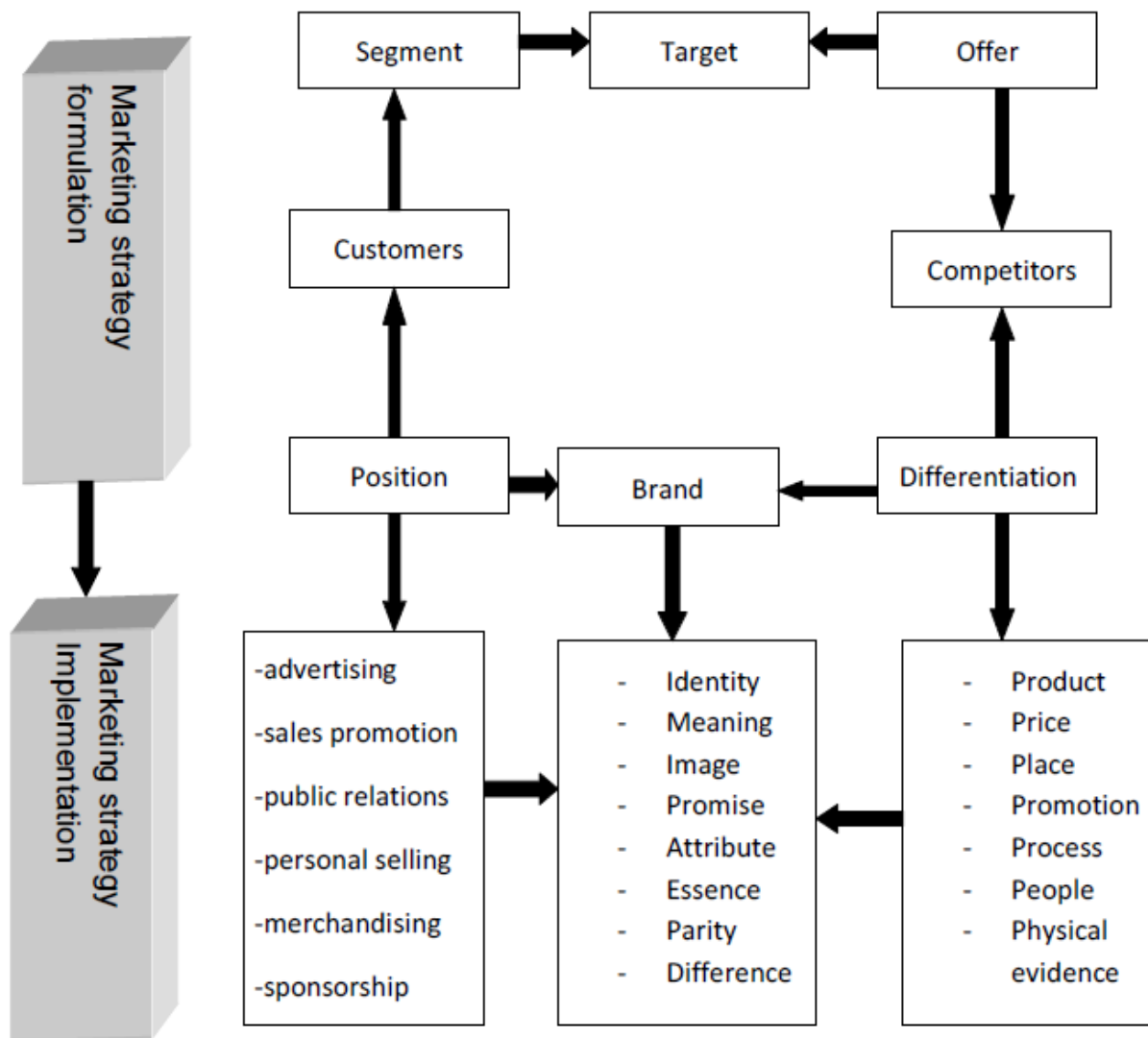


Figure 6: Marketing strategy formulation and implementation

Source: Adapted from El-Ansary (2006)

The figure shows the integration of marketing strategy formulation and implementation process and which variables are involved and how they are interlinked. Each marketing strategy formulation variable requires specific implementation variables. In this context, integrated marketing communication mixes play dual purposes in that they are effective means for positioning and differentiation. They are also important for developing brand equity which is the core of product positioning. Therefore, marketing strategy formulation should be thought of as inseparable with marketing implementation.

Thus, marketing strategy is important virtually for all business organization to effectively compete in the given market. However, it is more important especially for technologically driven products such as textile products. Such products' customer preferences are changing according to the technological environment pace and trend. Dynamic strategies formulation and implementation enable firms in such industry to survive and grow. Much of the literature considers Porter's competitive advantage strategies as the major marketing strategies firms should accept without questioning. However, it is found to be insufficient to explain marketing as the Porter's competitive model simply aggregates competitive strategies into three mutually exclusive strategies for one thing and it lacks clear formulation and implementation plan for the other thing. Nonetheless, it is better to look them at a coined trend to scrutinize the competitive advantage concept which in some extent is important for this dissertation.

2.7 Textile Industry in Ethiopia

Ethiopia is among the least developed countries in the Sub Saharan Africa whose economy is based on agriculture. Hence the major exportable items for the country are mainly agricultural products. The country has favorable climate to produce such agricultural products as flower and cotton. Using mainly cotton as a raw material, Ethiopia has produced textile and garment for both domestic and international markets.

According to Berihu (2008), the modern textile sector started in 1939, established by foreign capital under the name of Dire Dawa Textile Mills. It is assumed that there is some 2.6 million hectares of land suitable for cotton production, which is equivalent to that of Pakistan, the fourth largest producer of cotton in the world. And, the major export destinations are Asian countries, African countries, and European countries, of 67%, 23%, and 10% respectively (Berihu, 2008).

As a result of the government's export incentives and opportunity of international trading environment, in the past few years, the export of textile product has shown significant increase. According to the Ethiopia Embassy in Beijing (2010) report, Ethiopia's textile manufacturing industry embraces both medium and large public and private enterprises. Their main activities include spinning, fabric formulation, dyeing, finishing and sewing. In Ethiopia, the textile sector is the third largest manufacturing industry, only second to the food processing, beverage and leather industry. In the fiscal

year 2008/09, with a total output value of 699.91 million birr (the then 1USD=8.6 birr), the contribution of textile industry to GDP was 1.35% and 8.31% to the output value of the manufacturing industry (EBDSN, 2009). Such contribution is so small that the country needs to do more on value adding strategies to exploit the opportunities it has with the textile sector.

According to the ETIDI (2012) report, the country's textile sector mainly produces 100% cotton textiles. Each enterprise produces one product range, such as cotton yarn, cotton fabrics, bed sheets, blanket, knitwear etc. All the cotton yarn in the Ethiopian market is supplied to the local handlooms. It is estimated that the annual hand-loomed fabric is around 95 million square meters.

Marketing of textile products such as yarn, fabric and blanket made by Ethiopian textile enterprises are usually distributed by private trading companies to the local market. Such a system may create distribution delay and feedbacks may not reach to those companies which should receive it on time. But, imported textiles hold a large market share in Ethiopian market and nearly one thousand small-scale family-owned trading firms and a small number of large trading companies are engaged in the import business of textile (Ethiopia Embassy in Beijing, 2010).

Ethiopia has also many opportunities to benefit from the textile sector. Such opportunities include increased domestic market (population growth rate is 2.7% per annum) and easy access to international markets through AGOA, EU, COMESA, and other bilateral agreements. Above all, the country has

huge potential to produce cotton, which is the major raw material for the sector, and cheap labor force which the sector demands. Despite these opportunities, the country has used only a fraction of the potential especially the AGOA and EU markets. Concerning AGOA, only two textile factories actually benefited from it (Theo van der Loop, 2003).

This clearly indicates that the textile sector is still creeping to support the nation's economy far below than expected and far from exhaustively using the favourable business atmosphere. And this indicates the existence of problems in the sector. Some of the problems faced by the textile enterprises some five years ago are still persisting, such as overly bureaucratic rules and regulations, lack of modern technology, inconvenient bank rules and procedures, and poor infrastructure (Taye, 1997).

The consultative forum held by Ministry of Trade and the textile firms' managers and other stake holders in September (2013) concluded that the textile firms' lack of competitiveness due to mismanagement, financial constraints, impediments posed by the contraband trade and scarcity of spare parts are the major problems responsible for the under performance of the sector even in the domestic market. The participants also hoped that the textile sector's contribution to the national economy would mount up to one billion USD in the following five years (till 2015/16). However, they fail to spell out marketing strategy problems as a major issue to be addressed.

Getting rid of mismanagement may address some marketing issues but not the problem in its entirety. And the participants in the forum still view the global competition through the old analytical framework which is no longer applicable and they fail to assist their opinion with scientific study.

But these days, there are hopes of getting foreign investors, mainly from China and India, and Saudi Arabia, to come and invest in textile industry. Investment has already started with cotton production and is supposed to continue in the future. The marketing strategy, therefore, remains critically important as the textile production should be expanded in both quality and quantity for the country to benefit from the sector as it is hoped.

2.8 Chapter Summary

Firm's performance is determined, at least in part, by how effectively and efficiently the firm's marketing strategy is formulated and implemented (Menon et al., 2015). In today's highly competitive environment, marketing strategies could help firms exploit opportunities and withstand challenges so as to survive in the market because marketing strategy is concerned with how a business organization strives for competitive advantage. Marketing strategy formulation and implementation are interrelated processes such that the formulation objectives are only possible through the implementation variables, marketing mixes.

The textile sector has long history in Ethiopia. The country has huge potential for textile production and market. It has huge favorable land to plant raw materials for textile and huge cheap labor force which the sector demands. However, the countries market share of textile in the global market is insignificant and the contribution of the sector to the national GDP falls below two percent.

In spite of the fact that the government of Ethiopia has identified textile as one of the promising area for development and puts effort forward for expansion of the industry, only few researches have been conducted to scientifically support the attempt as to how the firms can improve their competitiveness in the market.

The existing literatures on the area are also so general that they need local and environmental context and hence lack applicability to domestic firms. Here is where the gap exists and an original research with full awareness of local context to fill that gap is needed. Therefore, this research is believed to make an original contribution to the field in local context which can of course be applied in similar settings and industry of other environments.

Chapter Three: The Resource Based View and Marketing Strategy

3.1 Introduction

This chapter deals with the resources based view and its link to marketing strategies. The major constructs of the study such as marketing enabling environment, the marketing strategies, and firms' performances are discussed in relation to the firms' inside out perspective (resource based view). The reason for focusing on the resource based view in this research is that the researcher has taken the assumption that the macro environments are more or less similar to firms in the same industry in both domestic and in international markets.

In international markets, some countries are providing preferential advantages of export to developing countries such as Ethiopians and hence such factors can be regarded as opportunities instead of contributing factors for the low performances of Ethiopian textile firms. Hence, it is reasonable to examine the firms' own strategies, focus, and practice of marketing strategies in order to get deeper and contextual understanding of the gaps.

As a result, this chapter includes the conceptualization of RBV in this research's context, the enabling environments such as marketing assets and capabilities, marketing strategy formulation and implementation, firms' marketing performances, and finally the gaps in literatures.

3.2 Resource Based View Conceptualization

The resource-based view (RBV) emphasizes the firm's resources as the fundamental determinants of competitive advantage and performance. The principle behind this theory is that firms achieve sustainable competitive advantage by continuously developing existing resources and creating resources as well as capabilities in response to the dynamic market conditions (Peteraf & Barney, 2003). Besides, it attempts to emphasize on internal efficiency and effectiveness in utilizing the resources within the firm in order to explain the variances in performances.

Therefore, firms need to concentrate on their operation and utilization in order to achieve competitive advantage. In this regard, there are two assumptions in analyzing sources of competitive advantage (Barney, 1991; Peteraf & Barney, 2003). The first assumption is that each firm within an industry is heterogeneous with respect to the bundle of resources they control. Such argument considers a firm as a coordinated bundle of resources that the business has at its disposal or has access to, which are valuable, rare and inimitable (Lambin, 2008). Second, it assumes that resource heterogeneity may persist over time because the resources used to implement firms' strategies are not perfectly mobile across firms (Lambin, 2008). Besides, resource heterogeneity (or uniqueness) is considered a necessary condition for a resource bundle to contribute to a competitive advantage. Therefore, to the extent a firm is able to organize and exploit resources and capabilities (Peteraf & Barney, 2003) it creates and maintain

in time, a supply of products/services that offer more value for the customer (Lambin, 2008) than its competitors.

According to RBV, enterprises need resources to improve their competitive position as well as be able to recognize, understand, create, select and modify their marketing strategies. In this regard, the theory extends an understanding of the resources that explain the alternative marketing strategies that an enterprise may consider. This theory advocates that enterprises engage the available resources (tangible, intangible and organizational capabilities) in order to produce products that meet customer needs (Bharradwaj, Clark and Kulviwat, 2005; Peteraf & Barney, 2003; Ferreira & Azevedo, 2008; Pearce & Robinson, 2005). This theory also analyses the resources and capabilities as key factors in business performance. According to Martin (2013), business performance has a direct relationship with the marketing activities an enterprise engages in.

Furthermore, the RBV theory further enhances business strategy formulation should capitalize on the inimitable resources the firm has in order to attain competitive advantage in the market. Such approach begins with identifying and classifying the firm's resources (Grant, 1991). Based on classification of resources the firm appraises its strength and weaknesses in relation to competitors. Then the firm needs to identify its capabilities; what it can do better than competitors and identifying the resources required for each capability (Agic, Cinjarevic, Kurtovic, and Cacic, 2016).

Figure 7 shows the steps clearly.

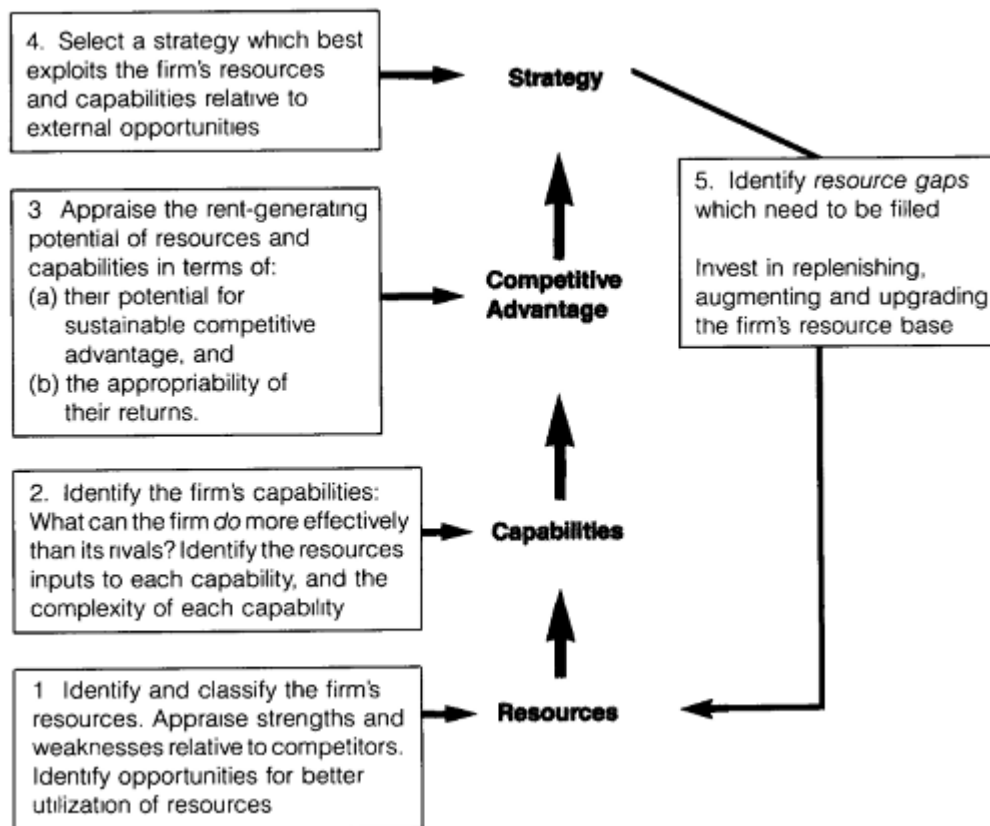


Figure 7: RBV approach to business strategy formulation Source: Grant (1991)

Then according to Grant (1991), the firm needs to appraise the rent generating potential of resources in terms of sustainable development of competitive advantage and the match of the returns as a result.

Such appraisal enable a firm not only to identify what capabilities it really has based on which it needs to develop its core competency but also see the gaps which it needs to fill (Agić et al., 2016; Grant, 1991). Then the logical step and flow of strategy formulation flows from resource identification and realization to identify potential capabilities to developing competitive

advantage and based on which the analysis of the appropriate strategy formulation can be done (Martin, 2013).

The theory further extends an understanding of the resources that explain the alternative marketing strategies that an enterprise may consider. Furthermore, it advocates that enterprises engage the available resources in order to produce products that meet customer needs (Pearce & Robinson, 2005). Thus, the RBV perspective of marketing strategy formulation emphasizes on the critical consideration of a firm's internal resources as the main and unique sources of competitive advantage because a business performance has a direct relationship with the marketing activities an enterprise engages in (Menon et al., 2015 ; Naeem et al., 2012).

3.3 Marketing Assets and Capabilities

A significant proportion of the market value of firms today is based on intangible assets and capabilities that are shaped by the marketing function such as brands, customer and supplier relationships (Wu, 2010). From the resource based point of view, the internal firm assets and capabilities are keys to firm competitiveness. Such inside out looking of a firm has the basic assumption that the external environments are similar in most cases for firms in the same industry. And what makes one firm profitable and the other confusing and staggering is the availability of these resources and more importantly the utilization of these resources. Similarly, Wu (2010) suggest that assets and capabilities enable firms to execute their organizational processes effectively.

Hence, it can be generalized that the firms' resources and capabilities are both enabler and driver of their competitiveness in the markets. Hunt and Morgan (2012) further propose that comparative advantage in tangible and intangible resources result in competitive advantage to the firm, which, in turn, contributes to higher firm value.

The marketing assets and capabilities are jointly addressed in many literatures as their distinctions become blurred in some cases and unclear in other cases. However, in this study their basic differences and their relations are attempted to be scrutinized. Thus, marketing assets are conceptualized as the resources endowments the business has accumulated for factor costs and managerial support. In connection to this, Day (1994a) argues that marketing assets encompasses investments in the scale, scope, and efficiency of facilities and systems brand equity and the consequences of the location activities. On the other hand, capabilities are the glue that brings these assets together and enables them to be deployed advantageously (Day, 1994a) and they can also be hard for management to identify. Therefore, the basic difference between the marketing assets and capabilities is the inimitability, intangibility, and non-tradability of capabilities which instead is deeply embedded in the organizational routines (Agic et al., 2016; Grant, 1991).

Literatures claim that less attention has been paid to the capabilities by which firms deploy their marketing strategies. In reality, capabilities may be viewed at different levels in the firm, many of which cross different

functional areas (Eisenhardt & Martin, 2000). However, capabilities relating to market resource deployment are usually associated with the marketing function (Danneels, 2008). In both cases, capabilities approach locate the sources of a definable competitive position in the distinctive, hard to duplicate resources the firm has developed (Wu, 2010; Boynton & Victor, 1991).

Thus, the integration of marketing assets and capabilities is the challenge of modern managers in the globe because those resources which are made up by the combination of assets and capabilities are cultivated slowly which sometimes limit the ability of the firm to adapt to change (Ferreira & Azevedo, 2008). Hence, management's task in the dynamic market is to determine how best to improve and exploit these firm specific resources (Hilda, Hope, and Ijeamaka, 2016). Such an argument may lead to the conclusion that to the extent managements are optimally integrating these firms' specific resources, their businesses become competitive and relevant in the market. And failure to do so lead to stuck in the middle where neither the competitiveness nor the future to stay in the market becomes certain.

By the same token, the strategic importance of capabilities lies in their demonstrable contribution to sustainable competitive advantage and superior profitability (Hilda et al., 2016; Day, 1994). However, in times of turbulence the challenge of developing new capabilities comes to the force (Barney, 1991). Thus, in time of turbulence the utilization of capabilities

becomes challenging and necessity at the same time due to the applicability of those capabilities for adapting environmental changes by firms (Boynton & Victor, 1991). Figure 8 below shows the different types of capabilities.

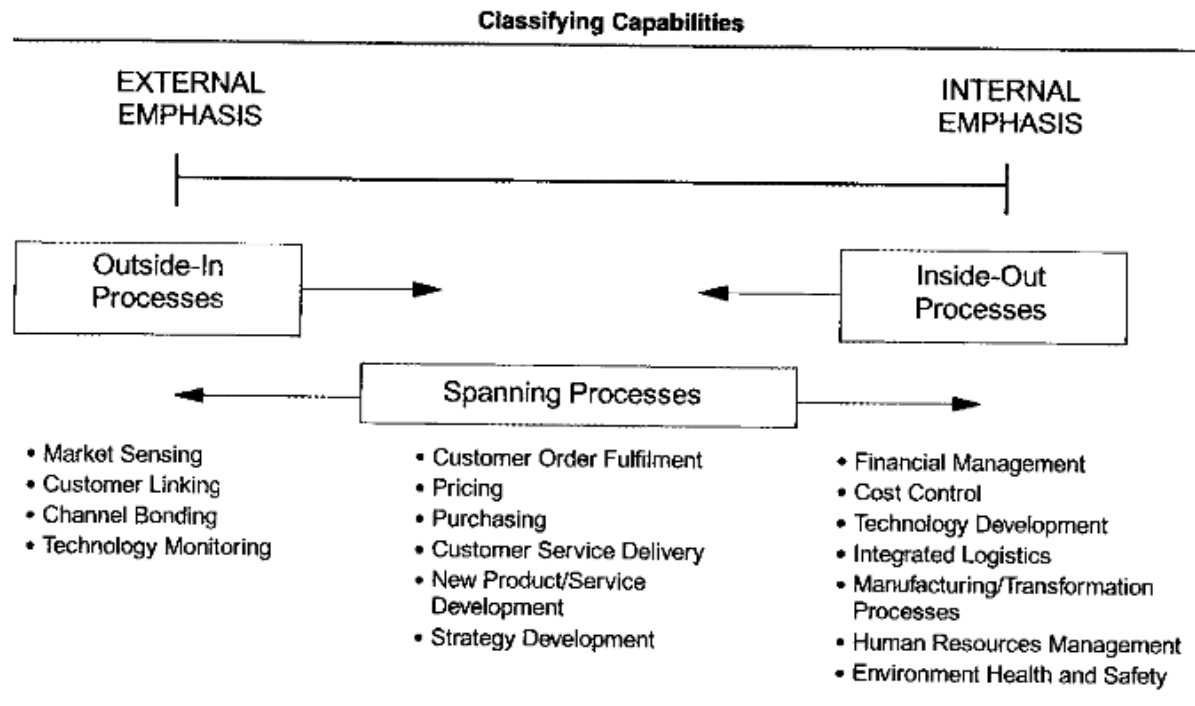


Figure 8: the three types of firm capabilities

Source Day, 1994a

According to Figure 8 shown above, capabilities are classified in to three categories depending on the orientation and focus of the defining processes. Hence, at one extreme there exists the inside out category which includes firm specific competencies such as resources management, technology development, logistic integration, and the transformation processes (Day, 1994; Peteraf & Barney, 2003; Barney, 1991).

At the other extreme, there exists the outside in category which is activated and partly determined by the outside environment. Such outside in category

involves market sensing, customer and logistics linking, and technology monitoring (Peteraf & Barney, 2003). The major purposes of the outside in approach are to connect the processes that define the other organizational capabilities to the external environment and enable the business to compete profitably with competitors by anticipating changes and creating values a head of competitors (O’Cass, Ngo, and Siahtiri, 2015). In the middle of the two extreme the spanning processes which is essentially needed to integrate the two extreme categories.

From the researcher’s point of view, the marketing assets and capabilities are decisive for Ethiopian textile firms to compete globally. The opportunities created through the Ethiopian government to export textile products duty free, the availability of raw materials and labor in the domestic market, and the market opportunities created through AGOA, COMESA, All But Arms, and some other bilateral and multilateral agreements make the outside environment equally attractive for the firms. Hence the basic difference for competitiveness among Ethiopian textile firms should come from the way they sense and utilize these opportunities through integrating their marketing assets and capabilities. This is, in fact, where the resource based view fits in the study. As a result, this study argues that comparative advantage in intangible assets and capabilities enables better process performance; and better process performance can lead to better firm performance and value growth (Ramaswami, Srivastava, and Bhargava, 2009).

3.4. The Marketing Strategy

Marketing strategy was earlier in chapter one defined as the total sum of the integration of segmentation, targeting, differentiation, and positioning strategies designed to create, communicate, and deliver an offer to a target market. In this regard, marketing strategy is operationalized as formulation which consists of the segmentation, targeting, positioning and differentiation sub strategies and implementation which consists of applying the common marketing mix (4ps) in order to realize the aforementioned marketing strategy formulation sub strategies. Hence, the details of marketing strategy formulation and implementation are presented in the following paragraphs respectively. This follows that marketing strategy, consisting of market segmentation, targeting, positioning, and differentiation, is presented first.

3.4.1 Market Segmentation Strategy

It is hardly possible to design a single product or a marketing mix that will satisfy all the customers in a market (Sarin, 2010). This necessitates marketers to divide the market into relatively similar segments where consumers in the same segment have similar needs to satisfy and consumers in different markets are heterogeneous (Kotler & Armstrong, 2012). Thus, market segmentation is the sub-dividing of a market into homogeneous sub-sets of customers, where any sub-set may conceivably be selected as a market target to be reached with a distinct marketing mix (Fifield, 2009). Similarly, a market segment consists of a group of customers who share a similar set of needs and wants (Kotler & Keller, 2009). These

segments serve for the companies as where to begin assessing needs and wants based on which products are produced. Due to the existence of varied needs and wants, only rarely does a single product or marketing approach appeal to the needs and wants of all buyers (Kotler & Armstrong, 2012). Therefore, the search for something special, something different, something that reinforces their own sense of identity as a person, as an individual, as a professional buyer separate an organization from the 'herd' (Fifield, 2009).

Thus, segmentation attempts to isolate the characteristics that distinguish the buying behavior of a certain group of customers from other groups, or from the overall market (Boone, 2001). Such distinct group of customers may form segments of a market and depending on company specific criteria the company may consider additional criteria to further segment the market when needed. This implies that a marketer needs to categorize the market on the basis of both its characteristics and its specific product needs (Kotler & Keller, 2009). However, the argument is not that the marketer does not create the segments (because segments naturally exist) it is to mean that there exists a need to identify the segments and decide which one(s) to target instead. .

3.4.2 Factors affecting the feasibility of segmentation

According to Fifield (2009), market segmentation works at two levels, the strategic and the tactical. At a strategic level, market segmentations has a direct link to decisions on positioning and hence it is of corporate level

emphasis. Such level gives general direction and framework through which customers are targeted and an offer will be designed accordingly. At a tactical level, segmentation is related to the question of which customer groups are to be targeted and what kind of product will be produced to those target markets to satisfy their needs (Hutt & Speh, 2010). Hence, for effective segmentation, both strategic and tactical levels should be considered and integrated in sequential manner where the tactical level follows the strategic level. However, effective segmentation by itself does not ensure success and hence tangible and convincing criteria should be set to evaluate the effectiveness of segmentation, or the desirability of potential market segments (Hutt & Speh, 2010). Therefore, for a market segment to qualify to be considered by a company, five criteria typically need to be satisfied (Fifield, 2009; Kotler & Armstrong, 2012; Kotler & Keller, 2009). As a result, to be considered as feasible, a market segment should be measurable, accessible, sustainable, differentiable, and stable. The details are presented as follows.

Measurable: - the measurability of a market segment has to do with the size, purchasing power, and characteristics of a segment which can be measured and estimated. Although in many consumer markets measurement is generally a relatively straightforward exercise, it is often a more difficult process with industrial or technical goods (Fifield, 2009). This is due largely to the relative lack of specific published or stored data in a database.

Such lack of available data becomes worse especially in developing countries where there is weak or no organized industrial database system. Hence, measurability becomes subjective judgment and a highly significant exercise for marketing managers to estimate. However, there must be an estimate of measurements regarding each segments profitability and sustainability because marketers need to be sure which segment to serve and which not to serve to make sure that serving the particular segment is profitable.

Accessible: - accessibility of a segment refers to the easiness of a segment to effectively reach and serve (Kotler & Armstrong, 2012). In some cases it may be possible to identify a sizeable and potentially profitable segment but then, either because of a lack of finance or in-house expertise, this potential may be difficult to exploit (Fifield, 2009). Such issue becomes more challenging in the international market segments for companies from developing countries such as Ethiopia. In this regard, the textile firms in Ethiopia have witnessed such shortages in the global markets and this research tries to provide an insight as to how the textile firms can enhance their accessibility.

Substantial: the substantiality criterion of segmentation argues that for a segment to be considered, it has to be large enough to justify that investing on it is profitable under normal circumstances. In this regard, if the marketing strategist is to justify the development of a segment, then the exercise must be cost-effective.

The size and value of the segment is therefore an important determinant of this decision in market segmentation and targeting. Size should, of course, be seen in relative rather than absolute terms, since what may be too small to be considered by one organization may be appropriate to another, smaller, company (Fifield, 2009). Besides, what is substantial for larger company may be too large for the small company to consider as a feasible segment. Hence, the marketing managers or general managers of a firm need to determine the optimal level of substantial size for their specific companies as size and substantiality is relative and dependant on specific circumstances. For the case firms in this study, focusing on one or two segments may be optimal since the firms' ability to serve and their resources commitment is relatively small.

Differentiable: - The segments are conceptually distinguishable or unique in their responses to different marketing-mix elements and programs (Aaker, 1984). Such differentiability issue enables marketers to distinguish one segment from the other and to channel their marketing mix accordingly (Kotler & Armstrong, 2012). Besides, the differentiability of a segment enables a marketer to even select which segment has sustainability issues with possible long term relationships.

Stable: - An attractive segment should be stable so that its behavior in the future can be predicted with a sufficient degree of confidence (Kotler & Armstrong, 2012). Such stability has a lot to do with the product life cycle of

the product and the segment's unique characteristics. If the segment is unstable it implies that it will dry before the firm gets its expected return in the market (Fifield, 2009). Furthermore, stability is dependent on the nature of the product and the technology adaptability of consumers.

3.4.3 Bases of segmentation

The number of segments to target by a company depends on its ability to serve the segments and the degree of heterogeneity observed by each segment (Fifield, 2009; Kotler & Armstrong, 2012). This implies that the more differentiated the segments are fewer segments are likely to be the target of the firm for reason that heterogeneity requires different offer.

3.4.3.1 Customer classification

The majority of the so-called 'segmentation approaches' are really just methods of customer or client classification (Boone, 2001). Classification is an internal methodology that an organization uses to describe customers for the (internal) convenience of the organization and its systems and processes. Classification methods (generally) do not identify differences in customer needs or motivations; they describe customer characteristics (Fifield, 2009). Thus, there are two broad customers markets for a company; business market and consumer market. The implication is that the segmentation criteria are also dependent on whether the company wants to serve the business market, consumer market or both (Aaker, 1984).

3.4.3.2 Bases for segmenting consumer market

Bases for segmenting consumer markets are broadly classified under four major categories: geographic, demographic, psychographic, and product-related segmentation (Boone, 2001). In addition to their relatively ease of use, geographic and demographic segmentation are the most important bases for segmentation consumer market (Boone, 2001). On the other hand, although information on psychographic and product-related segmentation is harder to come by (Sarin, 2010), these bases of segmentation are considered to be more effective for consumer products since they reflect the product usage frequency and quantity of consumers.

3.4.3.3 Bases for segmenting business market

Business markets can be segmented with some of the same variables used in consumer market segmentation, such as geography, benefits sought, and usage rate, but business marketers also use other variables (Kotler & Keller, 2009). While Wind and Richard (1974) suggest that the bases for segmenting business markets can broadly be classified into two major categories: macro-segmentation which centers around dividing the market based on the characteristics of the buying organization (e.g., size, location, industry classification, and organizational structure), and the buying situation (e.g., straight re-buy, modified re-buy, and new task buying) and micro-segmentation which focuses on the decision-making units within each macro segment and requires greater marketing knowledge such as key buying decision criteria (Sarin, 2010).

3.4.4 Market Targeting

Due to resource constraints, firms are often unable to pursue all the segments they identify in a given market. Instead, they focus their marketing resources on satisfying a smaller number but profitable segments in the market (Zikmund & d'Amico, 2001). This process of allocating resources effectively by focusing marketing efforts on the selected part of the total market is called targeting (Sarin, 2010; Kotler & Armstrong, 2012). In practice, target market refers to a set of buyers sharing common needs or characteristics that the company decides to serve (Kotler & Armstrong, 2012). By focusing their limited resources on the targeted segments, firms are able to compete effectively in those segments by developing a distinct value proposition better than their competitors (Hutt & Speh, 2010). Broadly, the targeting strategies that firms follow can be classified into four major categories ranging from undifferentiated to individual targeting. Such categories are undifferentiated marketing, differentiated marketing, concentrated marketing, and micromarketing (Best, 2005; Boone, 2001).

Undifferentiated marketing (mass marketing): in this strategy, a firm might decide to ignore market segment differences and target the whole markets with one offer (Best, 2005). Such a strategy focuses on what is common in the needs of consumers rather than on what is different (Kotler & Armstrong, 2012). The company designs a product and a marketing program that will appeal to the largest number of buyers.

It is usually practiced when differences in customer needs and/or demographics are either small or indistinct (Best, 2005). In this targeting strategy the company designs a product and a marketing program that will appeal to the largest number of buyers will be prepared as a generic business strategy with generic positioning which is built around a core product (Best, 2005).

While such a strategy might be efficient from a production standpoint as they may capitalize from economics of scale, it leaves firms vulnerable to competitive action (Mandake et al., 2016). Difficulties arise in developing a product or brand that will satisfy all consumers. Moreover, mass marketers often have trouble competing with specialized firms which offer specialized products and marketing mix that are able to better satisfy the needs of specific segments and niches (Best, 2005). Therefore, in modern marketing the application of such one size fits all assumption is constrained. From the researcher point of view, such approach may not work well for textile products where style, fashion, and occasions dictate the market and such factors demand different textile products across age groups, geographies, and cultures.

Differentiated marketing:- strategy, a firm decides to target several market segments and designs separate offers to satisfy customers in each segments (Boone, 2001). In each segment, the firm selects one or more dimensions that the customers value and uniquely positions itself to meet those needs while charging a premium price for such uniqueness.

According to Porter (1991), there are several sources which can provide the bases for differentiation, such as the product itself, the method of distribution, and the marketing approach. Compared to an undifferentiated approach, differentiated strategy is better because developing a stronger position within several segments creates more total sales than undifferentiated marketing across all segments (Porter, 1991). Besides, a differentiated strategy allows a firm to increase not only its total sales but also its average margin per sale (Best, 2005), by providing increased satisfaction to each of the targeted segments.

However, according to Kotler and Armstrong (2012), developing separate marketing plans for the separate segments requires extra marketing research, forecasting, sales analysis, promotion planning, and channel management. This implies that trying to reach different market segments with different advertising campaigns, for example, increases promotion costs. Thus, the company must weigh increased sales against increased costs when deciding on a differentiated marketing strategy and if only it is convinced that the benefit outweighs the cost that the firms is advised to go for this strategy.

3.4.5 Concentrated Marketing

Such a targeting strategy is also known as focus or niche marketing which focuses on choosing to use its marketing resources to profitably satisfy

customers in a single market (Kotler & Armstrong, 2012). Through concentrated marketing, the firm achieves a strong market position because its greater knowledge of consumer needs in the niches it serves and the special reputation it acquires (Kim et al., 2012).

Through concentration on a single market segment, a firm can market more effectively by fine-tuning its products, prices, and programs to the needs of the carefully defined segments. It can also market more efficiently, targeting its products or services, channels, and communications programs toward only consumers that it can serve best and more profitably (Boone, 2001). In connection to this, some people equate concentration with niching and use them alternatively as a result. However, there exists difference between the two is that whereas segments are fairly large and normally attract several competitors, niches are smaller and may attract only one or a few competitors (Aaker, 1984). Therefore, niching essentially appeals for smaller companies, based on their limited resources, which decide on serving specific segments which in relative evaluation gives them the greatest return. According to Kotler and Armstrong (2012), many companies start as nichers to get a foothold against larger, more resourceful competitors and then grow into broader competitors. Such strategy makes more sense for companies in the developing countries like Ethiopia where resources are limited to launch full scale global competition and unable to withstand the effects of competitions giants in the global market. Hence, the Ethiopian textile companies can begin small in niches and eventually grow big in the

international markets because of the learning effects they can develop through niching.

3.4.6 Micromarketing

Micromarketing which is also known as mass customization is the practice of tailoring products and marketing programs to suit the tastes of specific individuals and locations (Slater & Olson, 2000). In this context, rather than seeing a customer in every individual, micro marketers see the individual in every customer. Hence, it basically involves targeting potential customers at a very basic level that is postal code, occupation, household, and so on, and ultimately the individuals themselves (Boone, 2001). Under this targeting approach, the smallest group of unique customers is treated as a niche segment, and the firm develops a customized segment strategy for it, even if the segment consists of a single individual (Best, 2005). Micromarketing includes local marketing and individual marketing.

Local marketing: - it involves tailoring brands and promotions to the needs and wants of local customer groups—cities, neighborhoods, and even specific stores (Kotler & Armstrong, 2012). Advances in communications technology have given rise to a new high-tech version of location-based marketing which in turn increases the applicability and easiness of local marketing. In so doing, companies often try to meet the varied requirements of different regional and local markets. However, companies may face

increasingly fragmented markets, and as new supporting technologies develop, the advantages of local marketing often outweigh the drawbacks (Fifield, 2009). In this regard, it can be assumed that although local marketing helps a company to market more effectively in the face of observed regional and local differences in demographics and lifestyles it may also create difficulties in terms of substantiality and consistencies.

Individual Marketing:- In the extreme, micromarketing becomes individual marketing— tailoring products and marketing programs to the needs and preferences of individual customers (Fifield, 2009; Kotler & Armstrong, 2012) which is usually labeled as one-to-one marketing, mass customization, and markets-of-one marketing. The widespread use of mass marketing has hidden the fact that for centuries consumers were served as individuals (Wilson & Gilligan, 2005; Slater & Olson, 2000) which had been experienced by the tailor custom-made a suit, the cobbler designed shoes for an individual, and the cabinetmaker made furniture to order. However, these days new technologies are permitting many companies to return to customized marketing. More detailed databases, robotic production and flexible manufacturing, and interactive communication media such as cell phones and the internet have combined to foster mass customization which is the process through which firms interact one-to-one with masses of customers to design products and services tailor-made to individual needs (Fifield, 2009; Kotler & Armstrong, 2012).

3.4.7 Product Positioning

Positioning is the process of creating distinctive image on the consumers' mind. Marketing literatures argue that marketing is the battle of perception where the battle can only be won by getting larger mind share of consumers. In doing this, the marketing strategist states to customers what the product means and how it differs from current and potential competing products (Wilson & Gilligan, 2005). Similarly, Kotler and Armstrong (2012) argue that a product's position is the way the product is defined by consumers on important attributes and the place the product occupies in consumers' minds relative to competing products. Such a claim implies that products are made in factories but brands happen in the minds of consumers. The end result of positioning is the successful creation of a customer-focused value proposition about the product which in turn will result in greater mind and wallet share.

In general, a well-positioned brand should appeal to the particular needs of a customer segment because a differential advantage/value proposition is created (Fuches & Diamantopoulos, 2010). Thus, the decision of selecting the most effective positioning strategy constitutes a main challenge for marketers in modern days because it is central to consumers' perceptions and preferences at the same time. Such challenge has increased over the last decades when consumers are overloaded with bulk of information to the extent they may not be in a position to distinguish some and retain them and to filter out the others which are less or unimportant to them (Wilson &

Gilligan, 2005). From the researcher's point of view, while the segmentation and targeting of marketing strategy formulation part constitute the skeleton and framework of the strategy, positioning and differentiation instills life and spirit to the process. Hence, for effective marketing strategy formulation both the skeleton and spirit should be integrated and designed in similar way at the same time.

Despite the importance of brand positioning, however, limited empirical attention has been paid to the question whether the use of certain positioning strategies results in more superiorly positioned brands than the application of other strategies (Keller & Lehmann, 2006). The study of marketing strategy will therefore be incomplete if it does not include positioning for reasons that a poorly positioned product is highly unlikely to be sold and liked. In this regard, what constitutes effective of good positioning remains a critical question and a significant strategy exercise for marketing strategists. From the researcher's perspective, a good product positioning helps guide marketing strategy by clarifying the brand's essence, what goals it helps the consumer achieve, and how it does so in a unique way (Keller & Lehmann, 2006). The result of positioning is the successful creation of a customer-focused value proposition, a cogent reason which justifies why the target market should buy the product.

According to Kotler and Armstrong (2012), once the competitive frame of reference for positioning has been fixed by defining the customer target

market and nature of competition, marketers can define the appropriate strategies to position in terms of points-of-difference and points-of-parity associations (Keller & Lehmann, 2006). The points-of-difference are attributes or benefits consumers strongly associate with a brand, positively evaluate, and believe that they could not find to the same extent with a competitive brand (Keller & Lehmann, 2006). Such positive and favorable perceptions will increase consumer' need for the product and their willingness to search for it, instead of easily substituting with competing products (Blankson & Kalafatis, 2004). Besides favorable and unique brand associations could be achieved through the products' perceived attribute or benefit by consumers and how well the product performs to the expectations of consumers as per the communicated message.

Points-of-parity on the other hand, are associations that are not necessarily unique to the brand but may in fact be shared with other brands which may come in two basic forms of either category or competitive parity (Kotler & Armstrong, 2012). Category points-of-parity are associations' consumers view as essential to be a legitimate and credible offering within a certain product or service category. As a result, consumers might not consider a product truly a product unless it is able to deliver the promised or expected benefits (Blankson & Kalafatis, 2004). Such consumer expectation may change through time as there are changes due to technological advances, legal developments, or consumer trends which in effect may change category points-of-parity (Blankson & Kalafatis, 2004). On the other hand,

competitive points-of-parity are associations designed to negate competitors' point of difference. Making such a competitive difference on the consumers' minds in such a way that the product is unique and offers better performance than even their expectations will make the brand strong and unbeaten which ultimately enhance strong competitive position in the market and ensures sustainability.

3.4.8 Positioning strategies

If marketing is considered to be a battle of perceptions, as many literatures claim, then positioning is the means to win the battle. Hence, companies can position their brands on almost an infinite number of associations (Fuches & Diamantopoulos, 2010). Such infinite possibilities make the selection of the best positioning strategy challenging. However, several authors have classified these associations into distinct groupings based upon alternative bases of positioning (Aaker & Shansby, 1982; Blankson & Kalafatis, 2004). Table 9 below shows the positioning strategies as defined by different authors.

Type of positioning	Authors
Features (concrete attributes)	Aaker and Shansby (1982), Crawford (1985), Keller (1993), Vriens and ter, Hofstede (2000), Wind (1982)
Abstract attributes	Reynolds et al. (1995); Snelders and Schoormans (2004)
Direct (functional) benefits	Aaker and Shansby (1982), Bridges et al. (2000), Crawford (1985), Kelle, 1993), Tybout and Sternthal (2005), Vriens and ter Hofstede (2000), Wind (1982)
Indirect (experiential/ symbolic) benefits	Crawford (1985), Gutman (1982), Keller (1993), Tybout and Sternthal (2005), Vriens and ter Hofstede (2000)
Surrogate positioning	Aaker (1991), Bridges et al. (2000), Crawford (1985), Friedmann and Lessig (1987), Keller (1993)

Table 1: Types of positioning

Adapted from Fuches and Diamantopoulos, 2010

In the positioning strategy through features of a product, companies emphasize in the concrete attributes of the product to create a distinctive image in the consumers' mind so as to create a differential advantage. In this case, the textile firms can position their products of having comfort, eye catching, and being environmental friendly which consumers can evaluate during and after using the products.

Similarly, in abstract attributes, companies attempt to position their products' images in terms of the product's quality, style, and innovativeness (Fuches & Diamantopoulos, 2010). On the other hand in benefit positioning, the advantages and use of the product over the competitors' product can be used as the main positioning strategy. A bit different type of positioning from the others mentioned is the surrogate positioning. In this strategy,

positioning is designed to create consumer associations about external aspects of a brand rather than the benefits and features of the product, which basically refers to the intangible aspects of the product (Fuches & Diamantopoulos, 2010).

3.4.9 Differentiation

Due to the high degree of market integration, primarily by reducing transport and trading costs through the internet, product differentiation and diversification are becoming increasingly important to ensure a particular company's positioning in the market (Barcelona industry report, 2011). Essentially, the differentiation strategy involves creating a market position that is perceived as being unique industry-wide and that is sustainable over the long run (Porter, 1980). Furthermore, Porter (1980) claims that differentiation is one of essentially the two means, the other is cost advantage, by which companies can develop competitiveness. This strategy is based upon persuading customers that a product is superior in some way to that offered by competitors and the emphasis is on creating value through uniqueness, as opposed to lowest cost (Kim et al., 2012). A firm that pursues a differentiation strategy seeks to create a perception in the minds of customers that their products or services possess superior characteristics that are unique from those of its competitors in term of image and reputation, reliability, design, features, and quality (Kim et al., 2012). In such context, positioning is the means through which differentiation

strategy is implemented which in turn leads to the argument that positioning and differentiation are two sides of a coin.

A differentiation strategy can effectively be implemented through persuading customers that the product considered is superior in some way to that of the products offered by competitors. The persuasion can be based upon design or brand image, distribution, and so forth (Framabch, Prabhu, and Verhallen, 2003). Besides, through differentiation firms create customer value by offering high-quality products supported by good service at premium prices. To this end, a commitment to innovation and new technologies are key factors for industrial development; new products, new designs, new formats, new uses and new techniques are the factors which enables business expansion and access to new markets (Barcelona industry report, 2011).

However, the commitment of innovation to create entirely unique product image on the consumers' mind may be difficult and even impossible in some cases. Thus, making a slight difference may in some cases suffice to create different product image from the competing products which in turn can have a considerable impact on the perception as the product appears to be unique. In addition to this, uniqueness can be achieved through service innovations, superior service, creative advertising, better supplier relationships leading to better services, or in an almost unlimited number of ways (Bordean, Borza, Nistro, and Mitra, 2010).

The key to success of differentiation strategy is that customers must be willing to pay more for the uniqueness of the product than the firm paid to create it (Bordean et al, 2010). Such cost benefit analysis is therefore at the heart of any differentiation strategy. The differentiation strategy appeals to a sophisticated or knowledgeable consumer interested in a unique or quality product. In practice, the issue of creating such sophisticated consumer is mainly the responsibility of firms which wish for appearing or being perceived unique and different than competitors (Lee & Griffith 2004). On the other hand, through the rapid expansion of internet and the ever increasing interest of consumers to information make the differentiation both challenging and easy in some way. The difficulty is mainly due to consumers' prior knowledge about competing products and in some cases the knowledge of which product performs better through experience sharing in social media and other available means. And the easiness due to the technology sophistication is that firms can reach wide consumers in media with minimum costs in some cases.

As for the textile industry, although until a few years ago there was a feeling that almost everything had been invented, new products are appearing that have made this sector into one of the most active in terms of technological development (Barcelona industry report, 2011). Thus, companies need not only focus their business strategies from their traditional lines but also strive to bring in new strategies for creating added value especially to enter new markets and compete with new emerging economies (Lee & Griffith

2004). Furthermore, as the introduction of technological advances improves the means fabrics are designed with the development of enhanced specific properties to meet the needs of a particular target market, textile firms should make use of differentiation strategies to get larger mind share in the target market (Lee & Griffith 2004). Thus, there are fabrics that provide heat or coolness, which change color depending on temperature (chromic or chameleon textiles), fabrics that have a preset “shape memory”, ones which protect against solar radiation, fight bacteria or regulate the distribution of fragrances, cosmetics, drugs, etc.(Barcelona Industry Report, 2011).

3.5 Marketing Strategy Implementation (Marketing Mix Strategies)

The marketing mix is the operational tactics used for executing the marketing strategy formulation elements (Akroush, 2012, El-Ansary, 2006). It is a conceptual framework that identifies the principal decision making process in configuring companies’ offerings to suit consumers’ needs. The tactics (tools) can be used to develop both long-term strategies and short-term tactical programs (Palmer, 2004). The mix consists of four elements which were originally proposed by McCarty (1964) and such four elements are still operational in goods. However, the mix adds some three additional Ps in some literatures and even five additional Ps in others in the service business. Therefore, since the assessment of marketing strategies in textile firms (the goods are tangible) is the aim of this study, the marketing mix consist of products, prices, promotion, and distribution (Slater & Olson, 2000; Lee & Griffith 2004).

According to Chai (2009), firms seek competitive advantage and synergy through a well- integrated program of marketing mix elements. In this context, marketing strategy is referred to as a roadmap of how a firm assigns its resource and relates to its environment and achieves a corporate objective in order to achieve competitive advantage and remain sustainable in the market ahead of its competitors (Palmer, 2004). Such resource assignment role of marketing strategies in a firm enables us to see the marketing strategies from resource based point of view. Therefore, marketing strategies are better addressed from inside out (RBV perspective) than outside in. The marketing mix strategies are explained below.

3.5.1 Product Marketing Strategy

According to Kotler and Armstrong (2012), marketing-mix planning begins with building an offering that brings value to target customers. And developing a product or service involves defining the benefits that it will offer which is communicated and delivered by product attributes such as quality, features, and style and design (Kotler & Armstrong, 2012). As a result, developing an effective marketing strategy involves a careful planning and executing of all these core elements of a product. Furthermore, the product element of marketing strategy such as product design, brand mix (name, sign, symbol, and design), warranty, and customer service as pre- and after sales services, and product advantages (such as luxury, prestige, and quality) are variable of product marketing strategy (Kim et al., 2012).

Similarly, products and services are key to any organization's survival and growth — but only as far and as long as they continue to deliver the solutions and benefits that the customers want from them (Fifield, 2009). According to Jain (2000), product strategies specify market needs that may be served by different product offerings. It is a company's product strategies, duly related to market strategies that eventually come to dominate both overall strategy and the spirit of the company. Thus, a product strategy involves a careful planning and execution of these processes and to the extent firms pay attention to them products become the real spirit of the company (Ugla, 2015). To conceptualize the product strategy well, the following sub-product strategies will be scrutinized in context to textile products.

3.5.2 Dimensions of Product Strategies

Product strategy requires the integration of different functional units of an organization such as finance, research and development, and marketing (Jain, 2000). In many companies, to achieve proper coordination among diverse business units, product strategy decisions are made by top management while the tactical issues of design, feature, and style are left for the expertise. Such top management involvement in the decision is especially important to make product development part of the corporate strategy and hence to institutionalize the product strategy among different units.

However, some literatures argue that it is difficult for top management to deal with the details of product strategy in a diverse company (Uggla, 2015; Keller, 2008) because they are unable to address every detail as different strategic units may have their own strategy perspective and focus. From the researcher's point of view and considering the Ethiopian situation, where the top management have a say in every meaningful activity of a firm, and the companies are not that much diverse, top management involvement in such critical issue is preferable. After all, the product strategy is the breakthrough strategies for most textile firms in the globe where fashion accelerates the duration of the product life time and necessitates new product development and corresponding pricing strategies as a result.

Furthermore, Jain (2000) claims that product strategies are recognized through the following sub-strategy elements. These elements constitute the framework of the strategy depending on the companies' objectives, customer experiences, and competitive situations.

Product-positioning strategy: - This strategy involves placing a brand in that part of the market where it will receive a favorable reception compared to competing products which is basically aimed at matching the product with the target market (Keller, 2008). Essentially, the end result of positioning is the successful creation of a customer-focused value proposition a convincing reason why the target market should buy the product (Kotler, 2003). In

addition, a well-positioned brand should appeal to the particular needs of a customer segment because a differential advantage/value proposition is created (Keller, 2008; Wind, 1982). Hence product positioning consists of a bundle of attributes to create the desired differential advantage. In the textile products' for example the positioning may consist of attribute, easiness, of fashion, of seasonal, of free of chemicals, of cultural, of price, etc.

Product-repositioning strategy: according to Jain (2000), this can happen if (a) a competitive entry is positioned next to the brand, creating an adverse effect on its share of the market; (b) consumer preferences change; (c) new customer preference clusters with promising opportunities are discovered; or (d) a mistake is made in the original positioning. In all cases, the aim of repositioning is to create better image on the consumers' mind about a product which is different from the image consumers created about the product so far. Sometimes, the products grow with customers preferences and such phenomenon may need repositioning to confirm both the developments in the product design and attribute in consumers' preferences.

In Ethiopian context, for example, the domestic market perceives the local made products to be of less quality than the imported ones and hence tend to purchase imported items (Aschalew & Elias, 2014). In such situation, repositioning of Ethiopian textile firms even in the domestic market is of

paramount importance. Similarly, the firms are also better to reposition their products because products from less developed countries are perceived to be of less quality.

3.5.3 Product-design strategy

A business unit may offer a standard or a custom-designed product to each individual customer. An effective connection between marketing and design activities will trigger product innovation (Beckman & Barry, 2008). More importantly, numerous enterprises confer on the concept that product design should lead marketing to meet market requirements”, and “firms sell both products and designs (Beckman & Barry, 2008). Not only can a good design help an enterprise achieve profits, but it also offers consumers’ product values associated with enterprise image (Jain, 2000). Hence, design begins with observing customers and developing a deep understanding of their needs (Kotler & Armstrong, 2012). Hence, the decision about product design requires contemplation by marketing managers and the design managers in a firm to effectively stamp the firm’s image in the product design.

Consequently, marketing personnel and product designers in these enterprises should closely monitor their competitors to cope with the conflicts and challenges from the changing global market environment (Beckman & Barry, 2008). In textile industry where fashion overwhelms the market, product design strategy becomes immense and the need to keep

track of developments in the global environment is inevitable for firms to remain relevant and competent in the market.

3.5.4 New-product strategy

New-product development is essential strategy in business organizations which is striving for competitive advantage in the market place. According to Kotler and Armstrong (2012) developing new product is important for both consumers and markets. For companies, new products are a key source of growth. Even in a down economy, companies must continue to innovate because new products provide new ways to connect with customers as they adapt their buying to changing economic times (Kotler & Armstrong, 2012). The implementation of this strategy has become easier because of technological innovations and the willingness of customers to accept new ways of doing things (Jain, 2000).

Despite their importance in strategy determination, however, implementation of new-product programs is not easy as too many products never make it in the marketplace (Fifield, 2009). Such strategic importance on the one hand and difficulty in implementation on the other hand make new product strategy a deliberate process even with the inclusion of top level managers. From the researcher's point of view, new product development strategy in the textile firms should be a well-defined and part of their priority strategic issues as customer needs for the products may change

depending on different global environmental factors. And keeping track of the development of the market and producing the product to meet that dynamics makes a difference.

3.5.5 Diversification strategy

Diversification refers to seeking unfamiliar products or markets or both in the pursuit of market and customer base development and expansion. Such diversification has got recent acceptance in marketing strategy as global market diversity interacts with product diversity, an interaction which is important to gaining a competitive advantage and reducing cash flow variances (Beckman & Barry, 2008). Realizing the potential benefits of product diversification is contingent on the availability of external resources, support of relating industries and infrastructure, and the ability of a regulatory environment (Porter, 1986). Such considerations are the prerequisites which marketing managers and top managers need to make sure for product diversification attempts.

In Ethiopian context, the aforementioned are promising and even inviting for the textile firms because the sector is one of the priority sectors to which the government has promised many incentive packages to make in place. Such incentives are primarily targeting both existing and potential investors on the textile sector mainly to produce products for export market and to

generate foreign currencies, which is the pressing need of the country these days.

3.5.6 Pricing Strategy

Pricing is one of the most fundamental but also most difficult decisions that firms have to make. For business organizations, price is the only element which generates revenue, all other elements; product, promotion, and place are costs (Kotler & Armstrong, 2012). Likewise, if effective product development, distribution and promotion sow the seeds of organization success; efficient pricing strategy is the harvest. However, effective pricing strategy can never compensate for elements (Moghaddam & Foroughi, 2012).

In order to make pricing sustainable, it must be integrated and consistent with the other marketing mix strategies in the organization to achieve the organization objectives (Obadia, 2013). Thus, proper pricing cannot be done independent of the other marketing them as a firm touches one element of the mix it touches them all. Regardless of the integration requirement and importance, pricing remains the most versatile marketing mix strategy (Moghaddam & Foroughi, 2012). Therefore, appropriate pricing strategy remains a challenge for marketers these days. The relative importance and complexity varies considerably from one product and market sector to another. In service, for example, the degree of complexity of pricing strategy is comparatively significant due to the high degree of homogeneity between

most service groups and shared service delivery and operating systems (Moghaddam & Foroughi, 2012).

As a result, pricing becomes even more challenging when it is made for the first time in a firm. As firms stay in the business and frequently engage in pricing, they become familiar with the process and pricing becomes more familiar as a result (Moghaddam & Foroughi, 2012). In this regard, a firm usually sets a price for the first time when it develops a new product, when it introduces its regular product into a new distribution channel or geographical area, and when it enters bids on new contract work (Kotler & Armstrong, 2012). Furthermore, a firm must also consider factors which affect the pricing decisions. In most cases, the dominant view of pricing strategy claims that pricing goals, objectives, and strategies which should be formulated a priori, and should be consistent with marketing and corporate strategies (Simos et al., 2014). Besides, these are also factors which influence the pricing strategies in a given firm and industry and hence should be considered in the attempt to set the prices of a product (Wilson & Gilligan, 2005).

The relative importance of these varies considerably from one product and market sector to another. All of them, however, need to be taken into account in the choice of the pricing method (Wilson & Gilligan, 2005). From the researcher's perspective, it is essential for the textile firms to consider all of them in general and the third factor in particular. Such particular

significance of the factor for Ethiopian textile firms emanates from their interest in the global market through opportunities created by AGOA, COMESA, All but Arms, and some other bilateral and multilateral trade agreements.

Similarly, pricing literatures suggest that firms set prices by assessing customer elasticity and competitive prices and then set prices to maximize profit (Ingenbleek, Marion, Ruud, and Theo, 2003). Whereas pricing strategies are visible in the market in the form of price changes, price bundles, price levels within a product line, or otherwise (Noble & Mokwa, 1999), pricing practices are hidden behind the boundaries of the organization.

In addition to this, pricing strategies that the organization judges, or senses to be effective, are repeated, shared, expanded, and refined into successful pricing patterns that, over time and across situations, become pricing strategy (Simos, 2014). Hence the firm needs to understand its discretionary freedom where the upper boundary (price ceiling) and lower boundaries (price floor) are set by different factors.

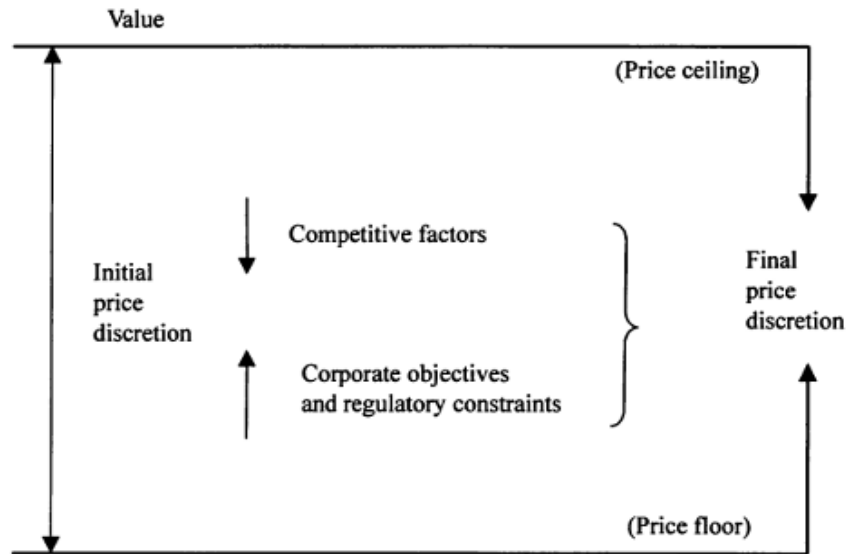


Figure 9: pricing strategy Source: (Ingenbleek et al, 2003)

In view of price ceiling and price floor, a firm determines the optimal price depending on the cost of production and consumers willingness to pay in addition to the above factors.

The cost of production sets the minimum price on which the firm is willing to sell and the consumers' willingness (elasticity) to pay for the product sets the maximum price which they are ready to pay. Based on the model, pricing strategy is set through a systematic and iterative process where the usual price lies between the boundaries (Obadia, 2013; Ingenbleek et al, 2003).

3.5.7 Distribution Strategy

The ultimate success of a business strategy depends on moving the product to its intended market. Accordingly, the firm should take considerable care in selecting distribution strategies and considering the far-reaching impact of channel decisions (Makasi & Govender, 2015). Essentially, distribution

strategies are concerned with the channels a firm may employ to make its goods and services available to customers (Makasi & Govender, 2015). Similarly, Kotler and Armstrong (2012) argue that distribution strategies are strategies intended to bridge the gap between place of production and place of use or consumption.

Such bridging role enables a company to go to the customers' disposal instead of waiting the customer to come to the company's office or store. The way companies design their distribution strategies has greater impact on reaching the desired customers which in turn affects competitiveness in the industry. Hence, choice of distribution strategy is done with great deliberation.

According to Tvede and Ohnemus (2001), there are two ways through which companies can choose their distribution; passive market selection and active market selection. In passive market selection the company passively picks up the distribution opportunities that it comes across and availability and first contact may be the criteria in this case. But in active market selection the company identifies and approaches what it believes are the best markets (Tvede & Ohnemus, 2001). The active market selection can also be expansive or contractive which firms with lower capital and expertise may not afford. Expansive selection is a strategy whereby the company expands into new areas that are close to, and resemble, the areas it already knows while contracting selection is a strategy in which the company maps all

potential market areas and then eliminates those that appear least attractive (Tvede & Ohnemus, 2001). Such expensive and contracting approaches enable a company to come up with a short list of the most attractive markets from which the company selects the best.

3.5.8 Channel-Structure Strategy

The channel-structure strategy refers to the number of intermediaries that maybe employed in moving goods from manufacturers to customers. A company may undertake to distribute its goods to customers or retailers without involving any intermediary if it is able and wants to. Such own distribution strategy constitutes the shortest channel and may be labeled a direct distribution strategy (Simos, 2014). However, such strategy requires extensive experience and capital particularly when the company is to operate in many countries of the world. On the other hand, goods may pass through one or more intermediaries, such as wholesalers or agents and the company establishes an indirect distribution strategy as a result (Tvede & Ohnemus, 2001). Both strategies may also be applied by a firm if it has two or more products to offer to the market and can apply direct for one product and indirect for another (Jain, 2000). Usually, such blending of distribution strategies may be applied by a firm depending on the type of product it produces and the type of customers it serves. If the product is business goods, for example, firms tend to apply direct channel strategy.

And if the product is consumer goods, many intermediaries may be involved and the distribution channel will be long and indirect as a result. However, such product differences are not the binding options to choose direct and indirect channels as there are some firms which distribute their consumer products directly to the final users (Tvede & Ohnemus, 2001). In general, Jain (2000) recommends the following channel framework for distribution consumer and business goods.

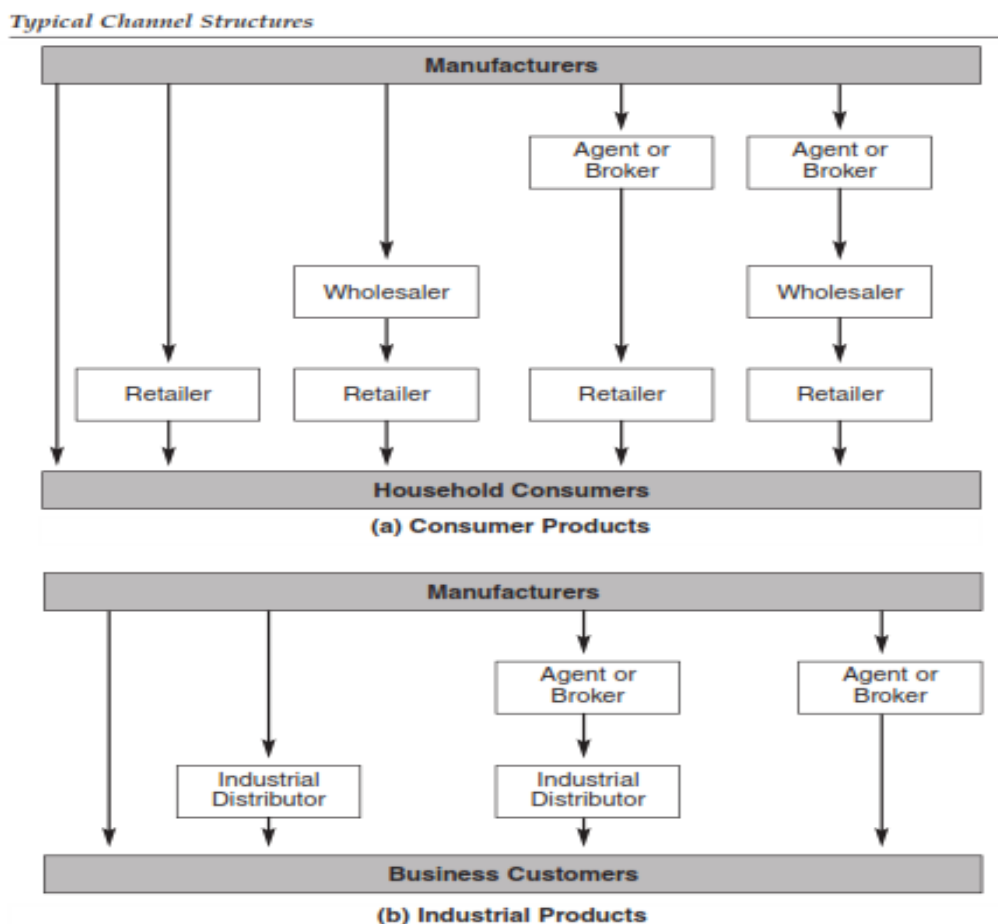


Figure 10: Distribution strategy **Source: Jain (2000)**

Decisions about channel structure are based on a variety of factors. To a significant extent, channel structure is determined by where inventories

should be maintained to offer adequate customer service, fulfill required sorting processes, and still deliver a satisfactory return to channel members (Jain, 2000). Such factors require capital and market experience if the company is to operate in the global market.

In this regard, Ethiopian textile firms have little or no experiences in recruiting and establishing channels abroad and their marketing experience is relatively low. As a result, for managers of such firms channel strategy is a challenging exercise and without which they cannot compete in the global market and even they cannot exploit the opportunities created through AGOA and other opportunities. From the researcher's perspective, qualifying and establishing overseas channel is a difficult task and individual firms may not be successful to hunt individually. However, the government can create such opportunities through the Ethiopian Textile Development Institute until the firms develop such competency and acquire global experiences.

3.5.9 Promotion Strategy

Promotion strategies are concerned with the planning, implementation, and control of persuasive communication with customers. The promotion strategy in a company is designed to communicate value to customers (Shimp, 2007). To communicate well, marketers have the option to choose from or blend the promotion mix which consists of the specific blend of

advertising, public relations, personal selling, sales promotion, and direct-marketing tools that the company uses to persuasively communicate customer value and build customer relationships (Kotler & Armstrong, 2012). Some literatures claim that these communication tools are so varied that it includes both traditional and modern communication forms. The primary forms of marketing communications include traditional mass media advertising (TV, magazines, etc.); online advertising (Web sites, opt-in e-mail messages, text messaging, and so on); sales promotions (such as samples, coupons, rebates, and premium items); store signage and point-of-purchase communications; direct-mail literature; marketing-oriented public relations and publicity releases; sponsorships of events and causes; presentations by salespeople; and various collateral forms of communication devices (Shimp, 2007). In addition to these means, social media has got recent acceptance in the globe as an effective means of product communication. This form of media describes a variety of new sources of online information that are created, initiated, circulated and used by consumers' intent on educating each other about products, brands, services, personalities, and issues (Mangold & Fauld, 2009).

According to Kotler and Armstrong (2012), the product's design, its price, the shape and color of its package, and the stores that sell it all communicate something to buyers. Thus, although the promotion mix is the company's primary communications activity, the entire marketing mix must

be coordinated for developing competitive advantage in the market and to remain relevant in the future.

The critical and strategic issue involved here is how much money may be spent on the promotion of a specific product/market. Literatures claim that promotion has the effect on brand switching, purchase quantity, and stockpiling and have documented that promotion makes consumers switch brands and purchase earlier or more (Ailawadi & Harlam, 2007). Similarly, the distribution of the total promotional budget among promotion mix is another strategic issue. Therefore, the formulation of strategies dealing with these issues determines the role that each type of promotion plays in a particular situation.

Yet having a blend of two or more promotional mix is more effective than single mix and hence for better result and competitive advantage integration of the mix is of at most importance to companies (Ailawadi & Harlam, 2007). This is so because the payoff is that by closely integrating multiple communication tools and media, brand managers achieve synergy, that is, multiple methods in combination with one another yield more positive communication results than do the tools used individually (Shimp, 2007).

3.5.10 Strategies for Developing Effective IMC

Integrated marketing communication (IMC) strategies are designed to reflect the values articulated in organizations mission statements and contribute to the fulfillment of the organization goal through coordinated elements of promotion mix (Mangold & Fauld, 2009). Such effective integration of promotion mix can enable a company to reach as many audiences as possible and to communicate effectively about companies' product and image. Hence, the IMC strategies need to assess the current practices and preferences' of consumers to be effective and consumer centered.

On the other hand, the tools and strategies of IMC have changed significantly with the emergency of social media. Such media availed new source of information that are created, circulated, and used by consumers on educating each other about products, brands, services, personalities, and issues (Blackshaw & Nazzaro, 2004). As a result, the IMC strategies need to consider this current reality and social media should be at the centre of promotion strategy formulation and execution.

Furthermore, social media enables a company to communicate to its customers and customers to each other and back to the company as well (Blackshaw & Nazzaro, 2004). Hence, social media breaks the traditional one way, company to consumer, communication method and made communication two ways, easy, and effective. Yet it also erodes companies' control over the contents and forms of the message transmitted about the

product and brand image (Mangold & Fauld, 2009). The new promotion mix framework on which this research's promotion strategy base is presented in figure 12 below

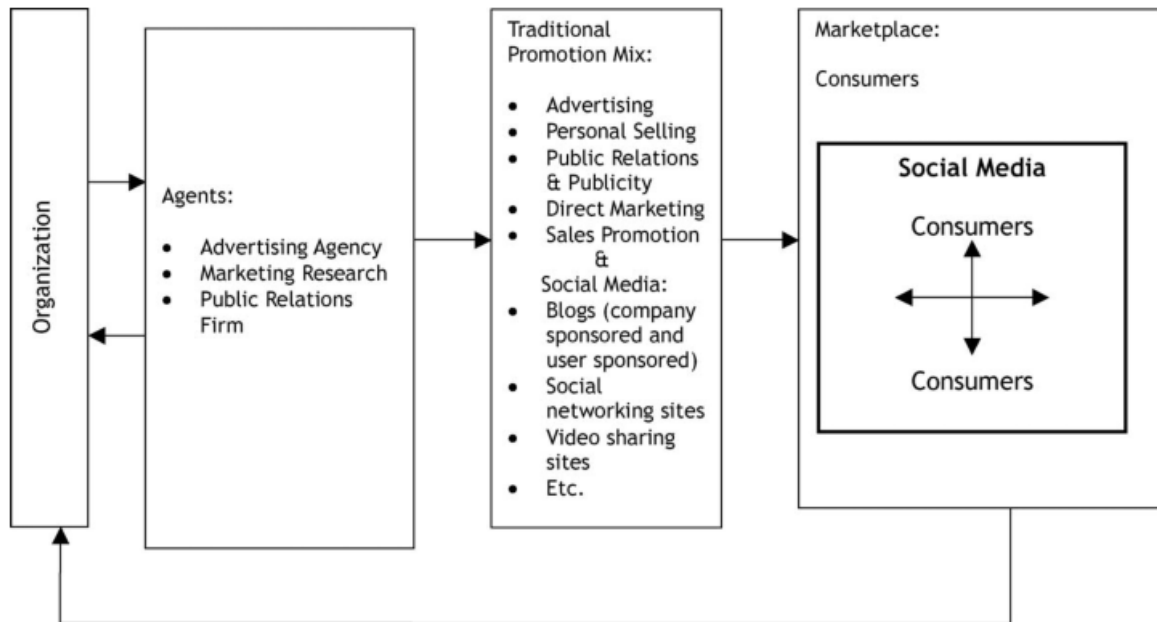


Figure 11: IMC framework Source: Mangold and Fauld (2009)

The above frame work considers the fact that internet has become a mass media vehicle for most consumers. In connection to this, consumers demand a more controlled media by themselves, and frequent exposure and accessibility of social media, and consumers' perception that social media are more credible diminished the usefulness and practicability of traditional IMC (Mangold & Fauld, 2009). This new IMC framework accommodates the reality of these days and possibly the future and marketing managers need to be aware of them in their IMC strategies. The researcher strongly believes that this framework works for Ethiopian textile firms as the trend in both the domestic and global consumers is towards internet base information search. Besides, the cost of reaching consumers through social media is

much lower and more effective than reaching them through the traditional promotional mixes.

3.6 Marketing strategy and firm performance

Marketing is one of a number of factors that contribute to firm performance. Hence, isolating marketing's contribution is important and part of the methodological challenge of working in marketing literatures (Moorman & Lehmann, 2004). Therefore, the questions in most cases becomes how can the effect of marketing strategies be measured? The measurement problem has critical implication for performance evaluation as performance measures also serve as key drivers for marketing and sales employees because what gets measured gets attention (Huizingh & Zengerink, 2001). Many marketing strategy researchers argue that superior financial business performance is the ultimate goal of marketing strategies (Menon et al., 2015; Simons et al., 2014). And marketing strategies can be evaluated at various levels, ranging from the macro-level to the micro level, e.g., at the level of a firm, business unit or brand to groups of customers or even individual customers (Simons et al., 2014). At each level, appropriate financial measures can be defined to determine the level of a marketing strategy success and to take the necessary feedback based on the measured result.

Although the importance of measurement in marketing strategy is without question, what makes a better measurement is still the issue of debate in the literatures (Simons et al., 2014; Zeriti et al., 2014). While some argue

that the measurements should be quantifiable and hence financial measurements are appropriate others argue that specific subjective measures, such as attitudes towards are appropriate (Simons et al., 2014). Such debate results in confusion for marketing managers to fully estimate how much their marketing strategy is effective and how much of the return on investment is due to the marketing strategies. Scholars for the financial measurement argument consider superior financial business performance as the ultimate goal of marketing strategies (Simons et al., 2014; Zeriti et al., 2014).

Therefore, the effectiveness and success of marketing strategies can be evaluated at the level of a firm, business unit or brand to groups of customers or even individual customers. Such financial evaluation can also be used to quantify the contribution of marketing strategy to the corporate strategy and to the attainment of firm's goal. However, proponents of the financial performance measurement argue that it is difficult to directly measure the financial contribution of marketing and there must be other ways of non quantifiable measurements (Hunt & Morgan, 1995).

Advocators of non financial measurements claim that although relative performance measures in terms of percentages have been widely used, they are not always appropriate. Besides, financial performance measures are usually time-lagged since they measure the success of past activities (Bonoma & Crittenden, 1988; Day & Wensley, 1988), tend to focus on the

short-term (Madsen, 1998), and give little indication of an organization's performance potential in the future (Denby, 1998).

Such short term focus on financial measures make a firm to focus on the daily sales and may forget the product innovation and development aspects which are key aspects for the firm's long term sustainability. Instead, such scholars recommend a subjective (non quantifiable) firm performance as such subjective performance measure tries to capture the extent to which the respondent believes that a certain objective performance measure has been realized (Huizingh & Zengerink, 2001). Furthermore, the subjective measurement attempts to include indicators of not only how the managers see their performances relative to the competitors but also how much they feel that they are satisfied with such progresses.

The subjective measurements measure the perceptions which can be measured multi items scale to capitalize on the advantage of perceptions to include the satisfaction with respect to a wide range of elements of performance (Denby, 1998). Sometimes an overall satisfaction item is used (Smith & Barclay, 1997) to provide the respondents with an opportunity to incorporate implicitly non-economic considerations and aspiration levels in their assessment (Huizingh & Zengerink, 2001). Several studies have also shown that there exists a strong and significant relationship between the objective and subjective measurements of business performance (Simons et al., 2014; Zeriti et al., 2014) and reliable and they correlate positively and

significantly with various objective measures (Simons et al., 2014; Zeriti et al., 2014).

Even a more convincing argument was forwarded by Day and Wensley (1988) as they put forward strong argument that to support decision making in practice it is more important to measure managerial perceptions than objective reality. Furthermore, the top management perceptions of how their company had performed measured by using subjective measures were consistent with its performance measured using objective measurements (Akroush, 2012). In addition to this, subjective measures may be useful in attempting to operationalize broader, non-economic dimensions of organizational performance which cannot be captured through objective measurements.

Consistent to the above arguments, Huizingh and Zengerink (2001) argue that marketing strategies at a firm level consists of operational and functional activities and both are important to consider when measuring the marketing strategy performances. In this regard, the operational activities are those marketing efforts that directly influence customers and the market position of a company such as advertising campaigns and sales promotions. In connection to this, support activities enable marketers to create, design, execute, monitor, and evaluate operational activities (Huizingh & Zengerink, 2001). Therefore, the marketing support activities include training and education for marketing personnel, activities to motivate employees, the

atmosphere and culture in the marketing department, internal communication, the organizational structure, and adequate support tools (Huizingh & Zengerink, 2001). The performance of such functional activities is difficult to measure through financial measures although they are investments with expected return in the long run. Such activities are also essential for firms to develop capability and efficiency through which they can develop competitive advantage.

From the researcher's point of view, both financial and non financial measure of marketing strategy performances can be applied to measure the performances of a firm, if the data are available, because the combinations of these measurements make better senses and meanings of measured performances. However, due to many intervening or mediating variables between marketing strategies and financial performances, the effect may be difficult to measure directly through quantification. Instead the non financial (subjective) measurements make more sense. To this end, a firm is in a good position if it feels that investment on both functional and operational activities of marketing is an asset with expected return either in the short or more usually in the long run.

3. 7 Gaps in the Literatures

As has been presented in this chapter and in chapter two earlier, previous researches have tried to explore the knowledge and empirical evidences regarding marketing and marketing strategy. In this regard, overwhelming evidences have indicated the strong and direct link between marketing strategy and industry development (Mandke et al., 2016; Bogdan, 2015; Menon et al., 2015; Ugglu, 2015; Motswapong et al.,2014; Constantine et al., 2012). Besides, these literatures conclude that marketing strategy is a vital strategic decision for companies to achieve competitive advantage.

However, only few literatures have attempted to examine marketing strategy formulation and implementation as integrated and simultaneous processes in pervasive and persuasive arguments (Bogdan, 2015; Menon et al., 2015; Ugglu, 2015; Motswapong et al.,2014; Constantine et al., 2012; El-Ansary, 2006). Besides, there is no research that has clearly focused on Ethiopian textile firms marketing strategy formulation and implementation problems, to the best of the researcher's knowledge. As a result, these are the research gaps which this study attempted to fill.

Filling the first gap (examining marketing strategy end to end) would contribute to the body of knowledge and filling the second gap (studying Ethiopian specific textile companies) help to solve the practical problems which the textile companies are currently struggling to solve. Furthermore, the findings of the study can be inferred to other developing countries' textile companies keeping context and situation in to account.

3. 8 Summary

Because resources and capabilities of a firm are primary constants up on which a firm can establish its strategy and serves as sources of its profitability, it is always the central consideration in marketing strategy formulation and (Mandke et al., 2016; Menon et al., 2015; Simos et al., 2014). However, the practice of making the resources and capabilities of a firm base for long term strategy depends on the extent to which the firm blends them and channels to effective performance (Constantine et al., 2012).

The key distinction between marketing resources and capabilities is that resources are inputs such as capital equipment, skills of employees, patents, finance, brand names, etc. in to the production process which constitutes basic units of analysis. On the other hand, capabilities refer to the capacity for a team of resources to perform some task or activity. Accordingly, recourses are the sources of firms' capabilities whereas capabilities are the sources of the firms' competitive advantage. Thus, any marketing strategy cannot be successful without the appropriate considerations of marketing assets and capabilities. Furthermore, since marketing strategies are the core activity in competitive advantage, marketing assets and capabilities to marketing strategy should be perceived as key strategic issues in a company. And because the marketing assets and capabilities constitute the companies resource, marketing strategies can be

better understood from the inside out perspectives, from resource based view.

And marketing strategy should be viewed in an integrated process of formulation and implementation. This implies that the process of creating, delivering, and communicating customers' values should be professionally executed through effective use of the marketing mix. Finally, the link between marketing strategy and firm performance is presented. And the argument in strategy performance alignment holds that the contribution of marketing strategy to a firm performance can be measured with financial and non financial measurers but the later is more appropriate.

Chapter Four: Research Methodology

4.1 Introduction

The general objective of this study was to examine formulation and implementation of the marketing strategies of Ethiopian textile firms. A qualitative research approach with a case study research design was employed to achieve the intended objective. The case textile companies were selected based on their production of finished textile products and their operation in both domestic and global markets. The formal qualitative data analysis techniques as recommended by Strauss & Corbin (1990) such as open coding, axial coding, and selective coding was used and the result was compared against the conceptual framework. This conceptual framework was developed mainly from the works of El-Ansary (2007), Aaker (1996), Ahmad (2007), Grant (1991), and Vincent (2007).

Generally, six main sections are included in this chapter. The first section defines the research approach where the paradigm of the researcher was declared. The second section provides explanation for the use the research design, which was implemented to come up with the systematic data analysis framework. The next section describes the procedures which justifies case selection techniques for this study. The fourth section considers issues regarding the conceptualization and description of the research constructs. The fifth section introduces the methods which were used to analyze the data in the study.

And the final sections provide methodological considerations and summary of the chapter respectively.

In general, the following framework indicates the diagrammatic representations of the detailed methodological issues employed in this study.

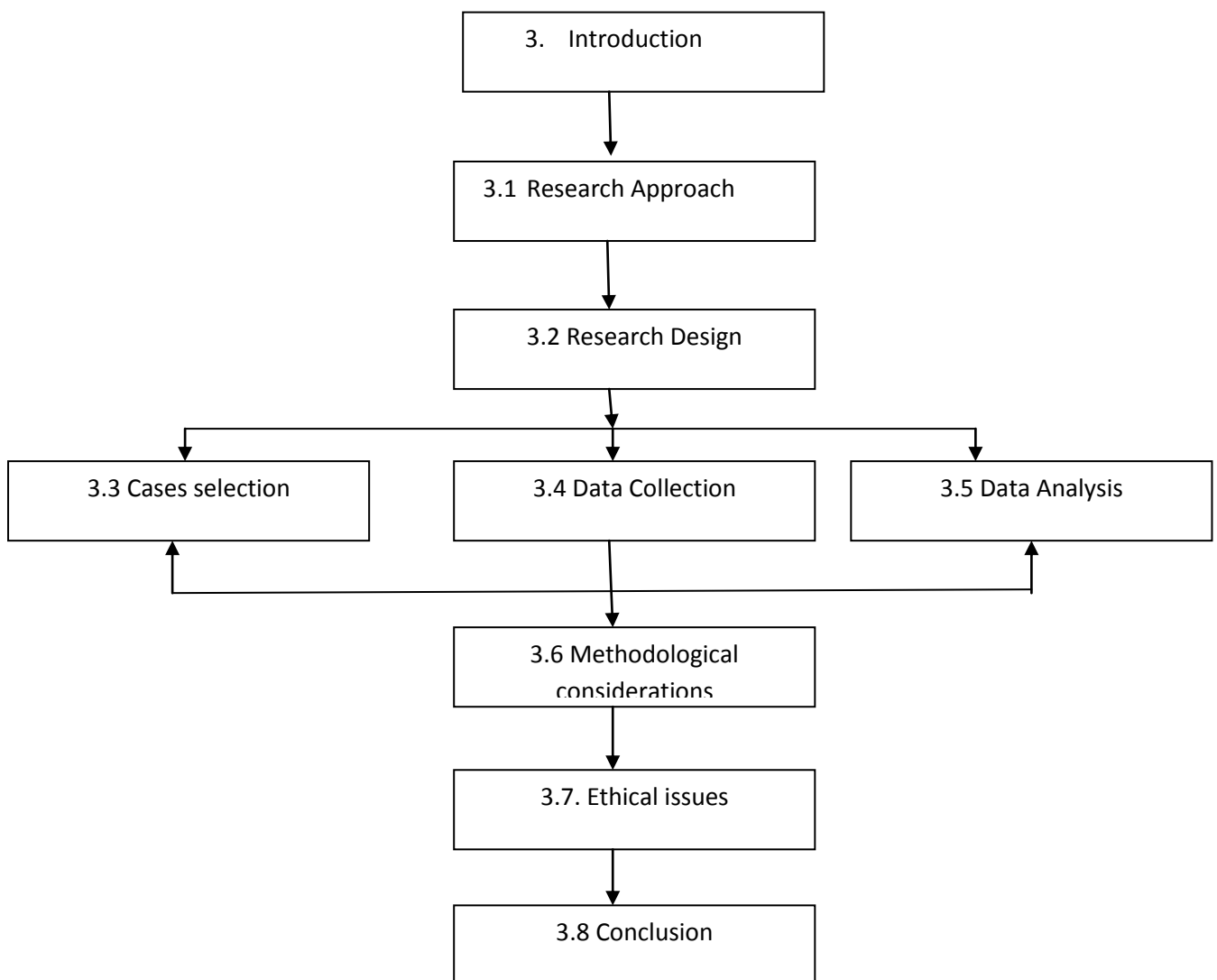


Figure 12: Methodology Framework

4.2 Research Paradigm

A paradigm is a world view, a general perspective, a way of breaking down the complexity of the real world and broad view of perspective of something (Patton, 1990; Weaver & Olson, 2006; Taylor, Kermode & Roberts, 2007). Similarly, Guba and Lincoln (1994) define paradigm as an interpretative framework which is guided by a set of beliefs and feelings about the world and how it should be understood and studied. Accordingly, a researcher is required to declare his/her paradigm upfront so that readers can understand the finding from that perspective and thereby to develop common understanding about issues raised. Furthermore, clearly stating the paradigm can allow the researcher to apply specific design and methods which fits into the paradigm chosen. Therefore, before the presentation of the specific methods employed in this study is made, an exploration of the paradigm is presented in the following sections.. Hence, the three commonly used paradigms are discussed below.

4.2.1 Interpretive Paradigm

Interpretivism's main tenet is that research can never be objectively observed from the outside; rather it must be observed from inside through the direct experience of the people (Weaver & Olson, 2006). This implies that uniform causal links that can be established in the study of natural science may not be made valid in business organizations and environment where managers and customers construct meaning.

Therefore, the role of the researcher in the interpretive paradigm is to understand, explain, and demystify social reality through the eyes of different participants (Cohen et al, 2007). Thus, researchers in this paradigm seek to understand rather than explain. To better understand this paradigm, it is essential to explain its ontology and epistemology which are the essential considerations.

4.2.1.1 Ontology of Interpretive Paradigm

Ontology refers to what we think is knowable or existence – e.g. is there in fact a material world out there waiting to be perceived or are there only various ways of experiencing a material reality (Cole, 2006). Accordingly, the ontology of interpretive paradigm bases from internal reality of personal and subjective experiences of people. Hence, humans can only understand the world as it appears to them and therefore we study the meaning that people make of phenomena (Cole, 2006). In this regard, people are seen as agents who take meaningful and reflective actions and these meanings rather than only outward behaviors are worth researching and meaning is constructed by individuals and groups in interaction with each other (Cole, 2006).

4.2.1.2 Epistemology of Interpretive Paradigm

How we think we ought to go about knowing in the interpretive paradigm explains the inquiry into the conditions of the possibility of knowledge (Hughes & Sharrock, 2006). Accordingly, the epistemology of the interpretive paradigm is empathic observer and inter-subjectivity.

4.2.2 The Positivism Paradigm

The positivist paradigm arose from the philosophy that is based on rigid rules of logic and measurement, truth, absolute principles and predictions (Halcomb & Andrew, 2005). This paradigm believes that there is stable reality and law-like regularities which can be discovered in any research. Therefore, the valid research is demonstrated only by the degree of proof that can be corresponded to the phenomenon that study stands for (Hope & Waterman, 2003). To better clarify this paradigm, its ontology and epistemology are presented below.

4.2.2.1 Ontology of positivism

The ontological assumption of positivism paradigm is that the deeper essence of human behavior can be uncovered and facts have existence separate from theory and values (Weaver & Olson, 2006; Cole, 2006). A researcher in this paradigm is therefore value free and is concerned with uncovering the objective reality without being personally and emotionally involved. Hence, the truth is the same regardless of who measures or observes it so far as consistent measurements are used.

4.2.2.2 Epistemology of positivism

As a researcher in positivist paradigm is expected to be detached, neutral observer, and value free, the researcher is expected to explain why social life is the way it is by discovering regularities and causal laws (Weaver & Olson, 2006). Hence the researcher can study parts of reality and then add the

fragments together to form one whole objective reality. As a result, the positive paradigm has mostly deductive reasoning in explaining the reality.

4.2.3 The pragmatic paradigm

This paradigm does not lend itself to either of complete subjectivity or objectivity mentioned above. The basic assumption in the pragmatism is that there is neither complete objectivism nor complete subjectivism in understanding the reality. Hence, reality in this case is what works best at the present time (Tashakkori & Teddlie, 2003). In this regard, there may not be explicit ontology and epistemology for the pragmatism paradigm. Furthermore, Tashakkori and Teddlie (2003) argue that the paradigmatic stance adopted by a researcher may not be made explicit and in most cases researchers get on with the research without regard to their paradigmatic position, which is left implicit. Hence, a research in pragmatism explains why social life is the way it is by both discovering and understanding the lived reality.

Generally, on the one extreme, subjective reality is presented in the interpretive paradigm where the role of a researcher is to understand the social and organizational reality. Besides, it is also assumed that contextual factors are understood in a typical case company where the aim is to solve that immediate problem contextually. On the other extreme, there exists complete objective reality independent of the researcher. Hence, the researcher is required to unfold that reality and based on which

generalization is possible to the entire population using deductive approach. In the middle, there exists pragmatic paradigm which does not lend itself to either of the extreme assumptions of reality and knowledge. However, there is no superior or inferior paradigm; they all are perspectives of viewing the reality.

Therefore, the choice of the specific paradigm depends on the nature of the research problem concerned and the objective of the research. In this regard, the objective of this research is to examine how the textile companies formulate and implement their marketing strategies. In this regard, why and how questions require an in-depth understanding of the underlying reality and help to come up with possible solutions which can solve the immediate and context specific problem concerned. Accordingly, the nature of the research problem in this research poses the how and why questions in the specific case company and environmental setting in formulating and implementing its marketing strategies. Hence, the interpretive paradigm was the appropriate paradigm to be applied in this study. This implies that deeper context specific company reality should be understood through emphatically understanding the practices of its marketing strategies.

4.3 Research Design

A research design is a framework or blueprint for conducting a research project (Malhorta & Birks, 2000). The nature of the research questions to be addressed and the level of investigation required demand the specific

research design to be employed. Therefore, research design details the procedures necessary to obtain the required information in order to answer the research problems and to achieve the intended objectives (Churchill, 1999). However, the research design itself is determined by the type of research paradigm used. Accordingly, the case study design is the appropriate design for this study because the paradigm chosen is interpretive and the questions posed are of 'how' and 'why' nature which are typical questions necessitating the case study design (Yin, 2003). This allowed the researcher to critically examine the practical and context specific problems of the companies' marketing strategy formulation and implementation practices. Thus, the researcher applied the holistic case study design to exploit the fullest application of qualitative approach in case study. In so doing, the researcher considered one selected case firm as one whole unit and counted it as a unit of analysis.

In view of the above logic, the researcher selected nine cases of textile firms which produce final textile products and sell their products locally as well as globally. Hence, the evidence from multiple cases is often considered more compelling, and the overall study is, therefore, regarded robust (Herriott & Stone, 1983). Similarly, Yin (2003) argues that each case must be carefully selected so that it either predicts similar results or predicts contrasting results but for predictable reasons.

Thus, the carefully selected textile firms are supposed to predict similar results so that the results obtained can also reflect the conditions of other

similar firms in the sector. Besides, the application of multiple cases support for theoretical propositions as case serves as independent experiments than single respondent (Yin, 2003). Hence, the following methodological framework was used to properly utilize the multiple case study design.

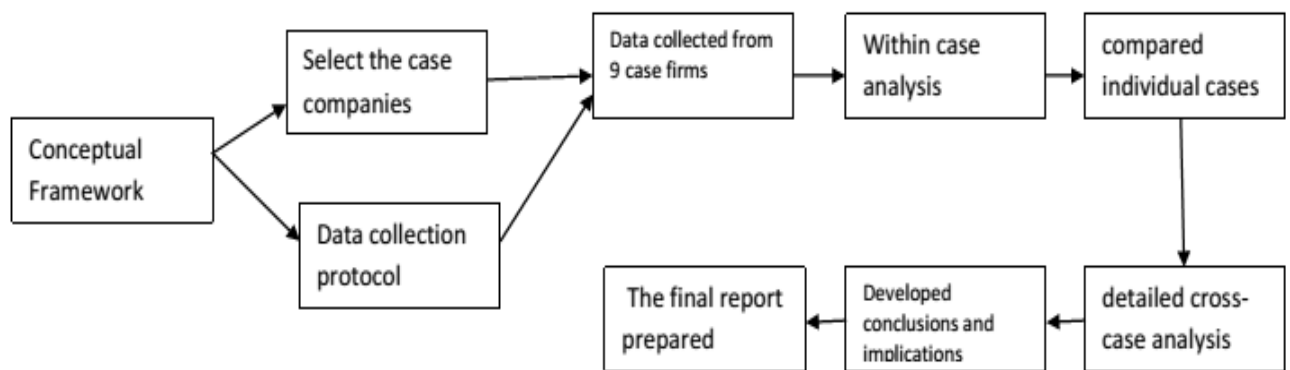


Figure 13: Methodological framework- Adapted from Yin(2003)

As depicted above, the methods of the study began with developing conceptual framework which later served as base for developing data collection protocol and case company selection. Then the nine case companies were selected and the data collection protocol was developed based on the recommendation of Yin (2003, 2009). After the protocol development and validity and reliability consideration, data were collected from each case companies one after the other. Later, individual draft case reports were composed and compared with one another and with the conceptual framework.

Then, cross case examination was organized based on the themes emerged from the within case analysis. Finally, the conclusions and managerial

implications were drawn and the final report was prepared in the present form.

4.4 Defining the population

The population for this study was a set of medium and large textile firms in Ethiopia. There exist differences among these firms in scope of market operations. Some are engaged in producing semi-finished textile products while others are engaged in producing finished textile products. Still there are differences in terms of scope of operations such that some operate both in the domestic and global markets while others are confined to domestic markets. As a result, it was important to justify which companies to include and which not to include in this research based on sound rationale. Hence, the case selections technique is presented below.

4.5 Case Selection Technique

First of all, firms which are involved in the production of finished textile products are the focus of the study because these companies need to have appropriate marketing strategies to be competitive in the market.

For the in-depth investigation of the research and the fullest application of the case research design chosen, the number of those finished textile producers had to be reduced. Hence, the exclusion was made by considering only those textile firms which sell their products both in the domestic and global markets. Accordingly, nine firms qualify the above criteria and the researcher used all of them.

4.6 Unit of Analysis

The unit of analysis within a case study is related to the fundamental problem of defining what the case is (Yin, 2009). Yin further states that the unit of analysis (and therefore the case) is related to the way the researcher has defined the initial research question. In this regard, the central research question in this study was ‘how do the textile companies formulate and implement their marketing strategies?’ Therefore, the unit of analysis in this research is company, and it was the company’s marketing strategies which were critically examined. The data were collected from two sources. The first source is companies’ written marketing plans which were used to examine the companies’ marketing strategies and the level of emphasis given. It should be underscored here that the marketing strategy conceptually forms part of the broader business strategy. The second sources of primary data were the companies’ managers or marketing managers. The purpose of interviewing these managers was to examine the actual practices of marketing strategy in terms of formulation and implementation in their respective firms.

The other issue considered in the unit of analysis was to decide whether to use one or multiple interviewees in a single firm (case). The issue was critically examined and primarily evaluated as to whether the additional person from the same firm could give additional information regarding the research questions raised. This may imply that the additional person could have given additional information if the issues raised were based on

opinions and perceptions based. However, the aim of this research was to examine the marketing strategies in practice which relatively is independent of personal opinions since it is simply the lived realities of the firms. Hence, the critical issue was not to conduct more than one interview in one firm; rather to find the right person for the interview. Hence, the manager, vice manager, or marketing manager whoever stayed in the organization relatively longer and could tell at least the company's practices (the medium range plan duration) the last five years was to be chosen. Then it was checked with the first interview for sufficiency of data from one person. The preceding interview informed the subsequent interview regarding sharpening the research questions, time management, and the approach in general. Thus, one right person was found to be appropriate in giving the right information required for addressing the research objectives of this study.

Then, the support letter which was obtained from UNISA Addis Ababa Regional Center was duplicated in nine copies and submitted to each of the respective companies and appointments were made from each case firm. The interviews were conducted at the interviewees' vicinity and in their preferred time. Once the interviews, which roughly took one and half hours, the marketing plans of each company were copied and collected from the respective firms.

4.7 Use of Theory in Data Collection and Analysis

Case study design can apply either of the two major approaches to the use of theory in data collection and analysis. These approaches are adductive and retroductive (Blaikie, 2007; Buchanan & Bryman, 2009). Accordingly, in

the retroductive approach, an initial set of themes generated from existing theories and literatures which can serve as sensitizing the theory is used to guide the research process. Such initial set of themes help a researcher in formulating the research questions, shaping interview topics, and suggesting categories that can be used in data analysis. On the other hand, in the adductive approach, there are no predefined themes and theories employed but rather, it is intended that themes and theories should emerge only through the process of data collection and analysis (Blaikie, 2007).

However, it is hardly possible for a researcher to be theories free and there is a need to be informed from relevant literatures and to develop tentative research questions (Strauss & Corbin, 1990). Furthermore, Eisenhardt (1989) strongly argues that tying the emergent theory to existing literature enhances the internal validity, generalizability, and theoretical level of theory building from case study research. Hence, retroductive approach was used to the use of theory in this research. Accordingly, the researcher reviewed pertinent literatures from which the research ideas were initially developed and later the conceptual framework was constructed.

In connection with this, the research acknowledges in particular the marketing strategy model developed by El-Ansary (2006). Besides, the research benefited and bases its theoretical perspective of marketing strategy from resource based view as suggested by Barney (1991) and Grant (1991).

4.8 Operationalization of the research constructs

Because of the retroductive theoretical approach used in this research, marketing strategy theories were used to identify, shape, and modify the research constructs which are required to answer the basic research questions raised. Moreover, the theories helped the researcher to modify and sharpen the research questions and objectives which in turn enhanced the objectivity of the data collection and analysis process. As a result, three sets of research constructs were found to be appropriate and they were examined accordingly. These constructs are firms' market enabling environment constructs, marketing strategy constructs, and performance constructs which were identified from extensive account of marketing strategy and strategy literatures and which also emerged from the selective coding process of the data analysis.

To visualize the conceptual link among the constructs in the research, the following conceptual framework was developed.

The arrows in the model indicate the link between the constructs.

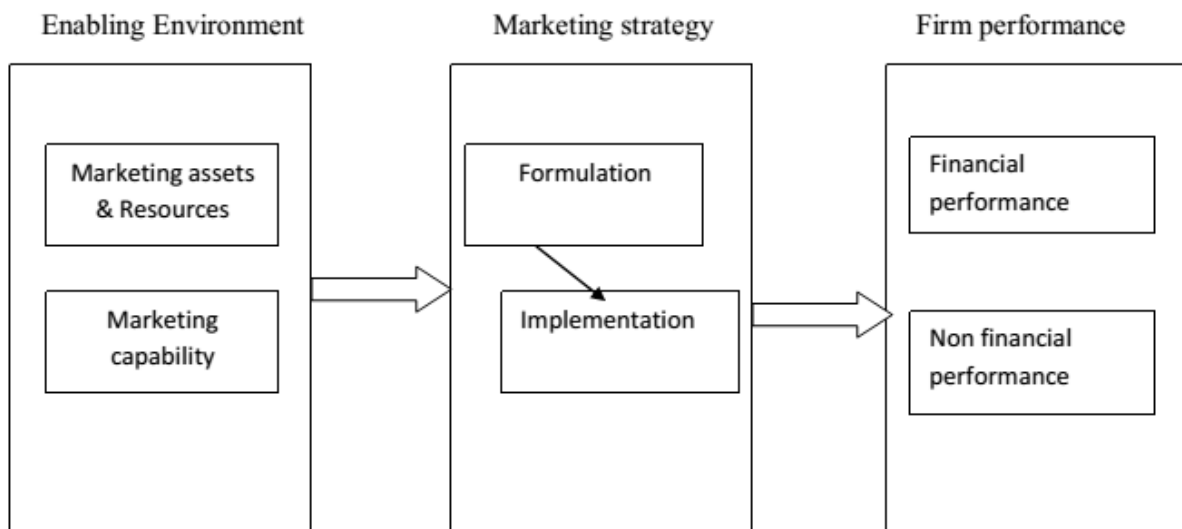


Figure 14: **Conceptual framework** Source: own proposition

4.9 Data Sources

To achieve the intended objectives of the research and to answer the basic research questions raised, both primary and secondary data sources were consulted.

4.9.1 Primary Sources

The primary data were collected from the following sources:

- From selected textile firms; the aim was to examine their marketing strategies formulation and implementation practices through in-depth interviews
- From the Ethiopian Textile Development Institute about the companies market (especially export) performances information. This was achieved through in-depth interviews.

4.9.2 Secondary Sources

Documents were consulted to substantiate the data collected by the in depth interview. The documents consulted were two types; the marketing plan of case companies and the reports about the export performances of those firms obtained from the ETIDI. The marketing plan of the case companies were consulted to assess how well the companies plan their marketing strategies and to examine the level of emphasis given to these strategies. In so doing, it was also possible to examine the resource allocation for marketing efforts, the target markets, and the different marketing mix strategies. Similarly, the reports of the ETIDI were consulted to examine the export performances of the textile companies in general, from which the case companies are part and to compare the country's plan of increasing exports by the sector. In both cases, the aim of consulting the secondary data from the stated sources was to substantiate and triangulate the data obtained from primary sources.

4.10 Data Analysis

Data collection and analysis are developed together in an iterative process in a case study (Cassell & Symons, 2004). Besides, the case studies are so flexible that they can accommodate emerging theories in the final data analysis. Thus, the data analysis followed a formal qualitative data analysis technique as recommended by Strauss and Corbin (1990). Initially, the interview data were transcribed fully and then the themes were developed from the transcribed data through microscopic line by line comparison.

Then, the themes were re-examined systematically and developed into subthemes which attempted to establish relationships between themes and subthemes called axial coding (Strauss & Corbin, 1990). This process involved revisiting the data to validate the emerging themes among the themes. Finally, relationships between and among themes and subthemes were established and those themes were organized around the three central themes called enabling environment, marketing strategy, and firm performances, similar to the themes developed in the conceptual framework. Then, the emerged themes were compared against the conceptual framework and the final analysis was made accordingly, the recommended approach when retroductive theoretical approach is chosen to guide both the data collection and data analysis processes (Blaikie, 2007; Buchanan & Bryman, 2009).

Furthermore, to maintain the consistency and validity of the findings, both within-case and cross-case analyses were employed. The aim of combining both analyses was to provide a detailed investigation as a combination of the two approaches can help to counteract information-processing biases and keep the researcher away from premature and false conclusions (Eisenhardt, 1989). The procedural details of the within and cross case analyses together with the purpose of employing them are presented as follows.

4.10.1 Within-Case Analysis

Within-case analysis usually involves detailed case study write-ups for each case (Eisenhardt, 1989). For each case in this research, all semi-structured interviews were recorded by the researcher, who also took detailed notes during the in-depth interviews. The transcribed data and secondary data (the marketing plans of the case companies and ETIDI export reports) were the main sources used to constitute the case study findings. Accordingly, all the data were examined within the context of the individual case study. Results from the data sources were compared to strengthen validity and utilize individual-level framework as recommended by Yin (2003) for each of the case studies. To this end, the individual case analytical framework was developed and used to provide a consistent format for analysis of data for each of the case firms. Then, the data were examined for evidence to portray a comprehensive description of the marketing strategy formulation and implementations practices and patterns of activity in individual case studies, in effect creating an audit trail of the analysis (Eisenhardt, 1989). The audit trail was basically made through examining the evidence from the transcribed data with relevant quotes and evidence to portray a comprehensive description and patterns of marketing strategy practices and the marketing enabling environment.

To ensure that all the data effectively fitted within the identified set of constructs, verbatim sections of all the interview transcripts were extracted on a separate file and arranged according to those categories. Hence, such

process ensured the audit trail and enhanced assurance that no collected data remained unanalyzed and at the same time serve as check and balance that all the data analyzed come from the data collected from their respective sources.

4.10.2 Cross-Case Analysis

According to Eisenhardt (1989), one tactic in cross-case analysis is to select pairs of cases and then to list the similarities and differences between each pair. Therefore, after reviewing each case individually, a second phase of data analysis was carried out - allocating cases into categories and then comparing the findings for the different categories. Such comparison of seemingly different pair of cases led to a more sophisticated understanding of the research questions (Eisenhardt, 1989). Accordingly, the cross case analysis in this research was strengthened by two strategies.

Firstly, the within case analysis informed similarities and identified critical findings which should be viewed across cases. Secondly, the themes emerged from the within case analysis which later were compared with the conceptual framework framed the structure based on which cross cases were examined. The framed structure involved logical thinking and making judgment about relevance and implicit connections between ideas to ensure that the objectives of the research are well met. Hence, the within case analytical framework was used for ensuring consistency in within case data analysis which also later ensures consistency in cross case data analysis.

Thus, the advantage of using multiple cases and the robustness of the findings thereof (Yin, 2009) were fully applied in this research.

4.10.3 Reporting the Findings

The findings are reported in a logical sequence following the three orientations of qualitative data analysis. The within case analyses are reported first for each of the cases following a similar format. In this regard, five cases were presented in similar description framework. Because, the within case analysis for the remaining five cases (from case five to case nine) show high level of similarity indicating data saturation. Hence, reporting only one of these highly similar cases could represent the remaining four cases in terms of the key constructs concerned and taking any one of the five case companies as a representative case could be logically correct. However, a more systematic approach was followed and case (company) five was chosen to represent the remaining four case companies because of the added explanation from the key informant five from his fifteen years of experiences as a marketing manager and deputy general manager in the textile sector. Hence, in addition to representing the rest of four cases, case five has included additional explanations regarding why the textile companies are performing far below than their potentials.

Then the cross-case analysis follow which include a comparison of the assertions from the individual case studies, examined the research

questions for check and balance, and presented the findings emerged from the generic inductive qualitative analysis.

The entire discussions in the data analysis part examined findings in relation to existing literatures and the conceptual framework. The implications of each of the findings were tentatively composed for each case and later compared against the themes which emerged in the cross case analysis. Reporting the findings in this way meets what Guba and Lincoln (2002) term the four classes of criteria for judging the quality of case study reports; resonance criteria, rhetorical criteria, empowerment criteria, and applicability criteria. The following table shows how these criteria were met in this research.

No	Criterion	Meaning	How it was met in the study
1	Resonance	Overlap between the report and the basic paradigm followed	<ul style="list-style-type: none"> -Extensive literature review helped to shape and ensure the fit between the methods used and the paradigm -Clear definition and understanding of the ontology and epistemology of the interpretive paradigm -In-depth interview in a relaxed time -Inductive approach of data analysis
2	Rhetorical	The report's unity, clarity and craftsmanship	<ul style="list-style-type: none"> -clear data collection and analysis process followed -the report was proof read by the researcher twice -colleagues commented on the report -the supervisor commented on the report

			-Finally, the report was professionally edited
3	Empowerment	Evoke actions and raise conclusions (giving sense)	-initial conclusions were drawn for each case individually -sector wide conclusions drawn from the cross case examination -implications for actions were clearly identified and forwarded as (implication for management practice and for policy makers)
4	Applicability	Transferability of the finding to other settings	-Application of multiple cases (nine cases) -in-depth analysis of literatures and robust conceptual framework -the situation under which the finding may hold was clearly stated

Table 2: Quality assurance of the report

Source: own proposition for this study

4.11 Methodological Considerations

The issue of methodological consideration refers to the validity and reliability for a research. The rationale for examining and assessing research measures of validity and reliability is that the research measures must be valid and reliable (Creswell & Plano, 2009; Sekaran, 2000; Chisnall, 2001; Churchill, 1999) in order for the findings to be considered trustworthy and the implications from it to be applied in a studied type condition. Validity in this context is the degree to which a measure accurately measures what it is supposed to measure. Reliability, on the other hand, is the degree to which the observed variable measures the true value and is error free (Hair et al, 1998).

However, the nature of the research design needs to be considered in order to employ the appropriate validity and reliability technique as each design can also demand specific methods and strategy. Accordingly, the researcher applied the methodological considerations for case study as proposed by Yin (2009).

Tests	Case study tactics	Phases of the research in which the tactic occurs
Construct validity	- use of multiple sources of evidence - establish chain of evidences	Data collection Data collection
Internal validity	-do pattern matching -do explanation building -address rival explanation -Use logic models	Data collection Data collection Data collection Data collection
External validity	-Use theory in single case studies -Use replication logic in multiple case studies	Research design Research design
Reliability	-Use case study protocol -Develop case study database	Data collection Data collection

Table 3: Validity and reliability considerations

Source: Yin (2009)

4.11.1 Construct Validity

Construct validity involves relating an instrument to a general theoretical framework in order to determine whether an instrument is related to the conceptual assumptions that are used (Nachmias & Nachmias, 1992). In this regard, Yin (2009) proposes two major tactics to increase construct validity when doing case studies.

These tactics are the use of multiple sources of evidence and establishing chain of evidences during data collection. Hence, to maintain the first tactic of meeting construct validity, the researcher used nine textile firms as cases and hence this tactic was well met by default. The assumption of using multiple cases in ensuring construct validity is that when multiple cases are used in a research, the probability that the instrument will be related to theory or concept will be higher and hence it measures what it claims to measure.

The researcher also used both documented reports and primary data for triangulation. Finally, after the draft report write up, backward checking for accuracy from documents and interview transcription was made to ensure that factual information and quotations were correct. Thus, the second tactic too was well met.

4.11.2 Internal Validity

The internal validity in a qualitative research measures the degree of similarity of the finding with the reality (Nachmias & Nachmias, 1992). As Yin (2009) argues that internal validity is important because the researcher needs to be able to say that the conclusions made from the finding is accurately reflecting the reality studied. Hence, to enhance the internal validity, Yin (2009) recommends three tactics; pattern matching, explanation building, and addressing rival explanation.

To conform to the first tactic, the conceptual framework shaped the basic research questions and enhanced the consistency while asked to the interviewees. Such consistency simplified pattern matching as ideas were forwarded based on the logic of the research constructs. Hence, the patterns of idea flow were easily observable in the within case analysis as similar framework was applied for all of the cases. Then explanation building was maintained since the very nature of this research demands explanation for the 'how of marketing strategy formulation and implementation' questions. Such explanation were derived mainly from the interview data as series of logical questions were asked to collect sufficient response for the how questions. Finally, the rival explanations were formulated and reasons were sought for the differences in marketing performances of the case firms. Such differences were easily observed between the most successful firm and the least successful firms in the cases given both groups operate in the same macro environment. Thus, the internal validity of the research was maintained both at the data collection and data analysis stages of this study.

4.11.3 External Validity

External validity in the study design deals with the challenge of knowing whether a study's findings can be generalized beyond the immediate investigation or research efforts, (Yin, 2003, 2009). However, the generalization in case study is about theoretical propositions not about populations (Cassell & Symon, 2004) and increasing the cases and

specifying the situations under which findings may apply to other cases increases external validity (Yin, 2003). Hence, the researcher used replication logic to increase the possibility of theoretical proposition through the use of multiple cases. Hence, it was developed based on the conceptual framework and enabled the analysis to treat all of the cases similarly. Such process enhanced the results applicability to textile firms of other developing countries given they are in similar business environments with the selected case firms in Ethiopia.

4.11.4 Reliability

Reliability is the extent to which a measure can produce consistent results (Yin, 2003; Creswell & Plano, 2011). The reliability criteria would therefore relate to the collection, compilation, processing of the information and deriving of conclusions from the final analysis. The researcher used the case study protocol to ensure that the data and information collected for this study, whether secondary or primary, were clearly documented. And the protocol also enhanced the development of case study data base during the data collection phase. Such use of protocol and development of case database can improve the study's reliability (Yin, 2003). Accordingly, the methods can be carefully applied and may still result in similar findings since the aforementioned reliability enhancement criteria for case study were clearly applied in the study.

4.12 Personal Involvement

As mentioned in the data collection part, in-depth interviews were conducted and the researcher carried out the task. This personal involvement may lead to some methodological considerations that need to be taken into account. On the one hand, this personal involvement is associated with a solid understanding of the textile firms' marketing strategies from which this research benefited. On the other hand, unrestricted involvement might introduce potential bias and hence affect the quality of the findings. To ensure that potential bias are minimized to the minimum level possible, the researcher made sure that all factual information in the report was well evidenced by the data through checking and rechecking such information either from the primary or secondary sources. Besides, the retroductive theoretical approach which allowed theories to guide the research questions, data collection, and data analysis process enhanced objectivity of the analysis and reduced the potential bias which might have occurred otherwise. Hence, it was made sure that the possible bias as a result of personal involvement was made to be insignificant.

4.13 Ethical Issues

Since the objective of this study was to examine the marketing strategies formulation and implementation of textile firms, in which human beings are involved, ethical issues need to be taken into consideration. Hence, a number of safeguards were implemented to ensure compliance with the

standards for conducting research with in business subjects. These included methods to mitigate the potential for a loss of confidentiality and the impracticality of obtaining informed consent for this study due to a number of factors.

Everyone who participated in the interviews as part of this research were clearly informed about the nature of this research and gave their consent to be part of this study. They were asked for permission to record the interviews and transcribe it verbatim and they were also told that the recording would only be used as part of the analysis of this study. Where verbatim quotations are given in this dissertation, permissions were sought from each individual without mentioning their specific identifiers. And as per the request of the key informants not to mention their organizations' names and their own personal names, no specific identity have been included in any part of this report.

On the other hand, various information sources from the internet, such as web pages, articles and research documents were consulted throughout this study. It can be assumed that the publication of information on the web or on public and openly displayed journals imply automatic consent for this information to be used by others taking copyright and other laws into account. Hence, ethical issues in this regard are maintained by proper acknowledgement of the authors both in the text and full and proper acknowledgement in the reference section of this report.

4.14 Chapter Summary

The aim of this study was to examine the marketing strategies formulation and implementation of textile firms in Ethiopia. In order to attain this objective, a qualitative approach with case study research design was used. The case firms which are included in this research are those finished textile product producers and which at the same time sell their products in both domestic and global markets.

The research constructs included in the study are three sets of constructs; the enabling environment, marketing strategy, and performance constructs. These constructs were used to shape the interview questionnaire, the data collection process, and systematically analyze the data through the within and cross-case analysis. Thus, integrating both techniques increases the robustness of the findings.

Finally, methods of ensuring the quality of the research and ethical considerations were also well addressed. As a result, the findings can be used to guide the formulation and implementation of appropriate marketing strategies even to other similar firms which experience similar marketing strategy problems with the case companies.

Chapter Five: Data Analysis and Discussion

This chapter deals with the detail analysis and discussion of the research findings. The study employed a qualitative approach with case design. Hence, this approach followed a broader qualitative data analysis technique in retroductive theoretical base. The findings are then presented and analyzed in both within and cross case analytical frameworks. Generally, the analysis follows the following structure.

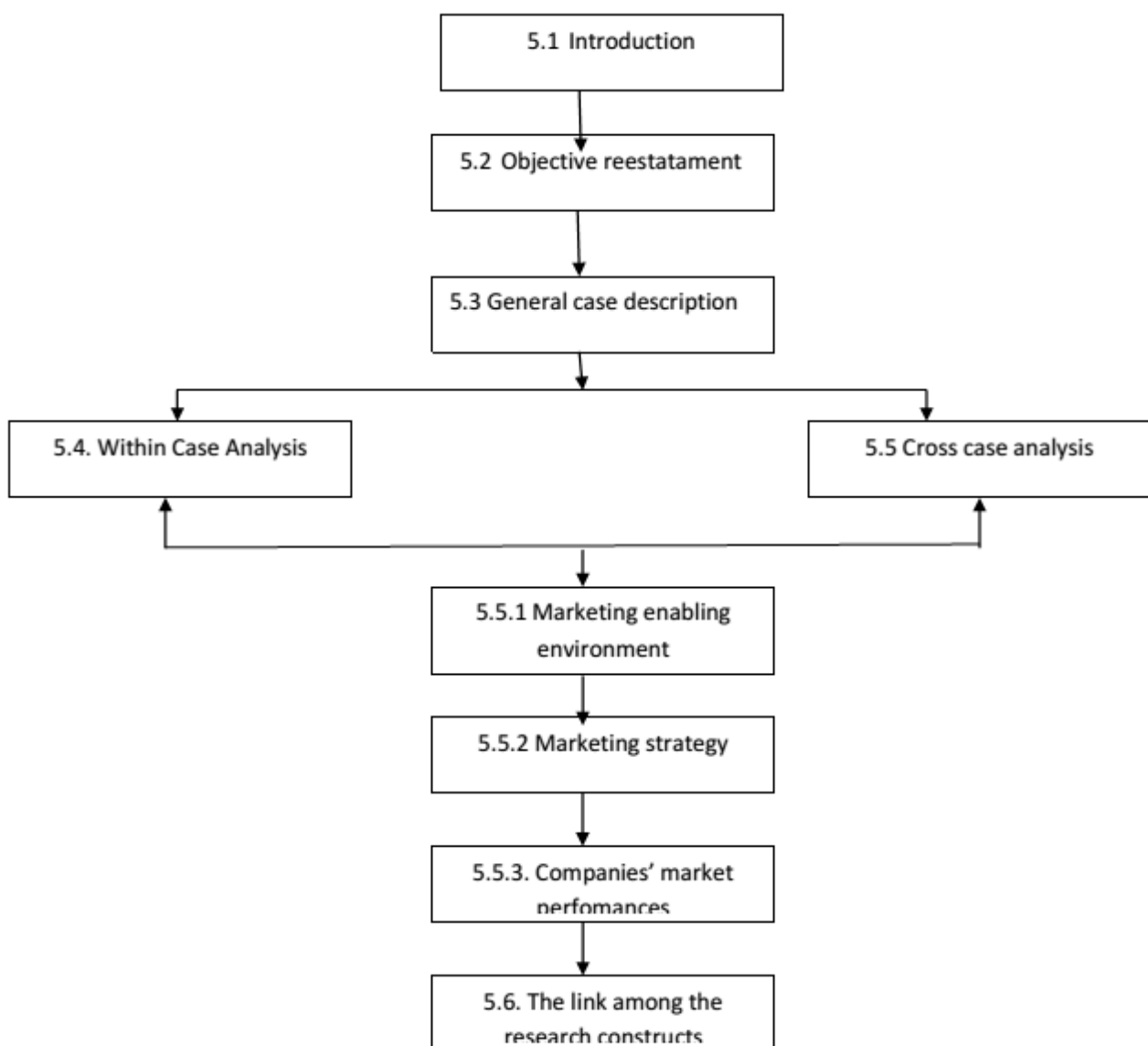


Figure 15: Data analysis and discussion framework

5.1 Introduction

The data were collected from nine medium and large textile companies in Ethiopia which produce finished textile products and sell their products in domestic as well as international markets. The primary data collection technique was in-depth interview with marketing managers or their equivalents of the case companies. Besides, the reports of the Ethiopian textile development institute and the case companies' marketing plans were consulted. The objective in both cases was to examine the different marketing strategy formulation and implementation constructs, marketing assets and capabilities, and the companies perceived performances.

Thus, the first part of this chapter reminds the research objectives followed by the brief description of case companies as a whole. Then comes the within case analysis which, for objectivity purposes, is presented on a similar analytical framework. Then, the cross case analysis is presented which in turn is structured based on the conceptual framework as it was also fitted into the emerged themes of the within case analysis process. This cross case analysis begins with the discussion of the enabling environment which is regarded as necessary preconditions to formulate and implement effective marketing strategies (Ruzo, et al., 2011). As the resource based view is the theory this study is based on, the enabling environment refers to marketing assets and capabilities of the companies which are directly related to their marketing strategies. This part was designed to meet the first

research objective which claims to examine the level of emphasis given to marketing strategy at a corporate level.

The second part deals with how firms formulate and implement their marketing strategies given the enabling environments and the resource based view. In so doing, it addresses the second and third specific research objectives which claim to examine how the firms formulate and how they implement their marketing strategies respectively. The third part presents about companies perceived performances relative to their competitors. Besides, how the companies enabling environment is linked to their marketing performance is presented in this part. Hence, this part enables to achieve the fourth and fifth specific research objectives which claim to assess how firms' marketing strategy influence their competitiveness and evaluate the extent to which firms' enabling environments are linked to their performances respectively. Finally, the link among the research constructs are presented as integrated conceptual framework.

5.2. Objectives of the Study

The general objective of this study was to examine the marketing strategies formulation and implementation practices of Ethiopian textile firms in order to identify key marketing strategic issues which the companies need to improve to enhance their competitiveness in the market and to contribute to existing body of knowledge in marketing strategy.

The specific objectives of the study were to:

- Assess the level of emphasis given to marketing strategy at corporate level
- Examine how the firms formulate their marketing strategies
- Examine how the firms implement their marketing strategies
- Appraise how the firms link their marketing enabling environment with their marketing strategies
- Assess how firms' marketing strategies influence their competitiveness
- Scrutinize the extent to which firms' marketing enabling environments are linked to their marketing performances
- Recommend both theoretical and managerial propositions regarding effective marketing strategy formulation and implementation

5.3 General Descriptions of the Case Companies

The government of Ethiopia planned to create about 40,000 employment opportunities in the textile sector by the end of 2015 and to double that number by the end of 2019 (ETIDI, 2012). In addition to this, the government also expects to increase the annual export of the sector to one billion US dollars by the end of the 2015 fiscal year (ETIDI, 2012).

To realize the above stated plan, medium and large textile companies are assumed to shoulder the lion's share of the responsibilities. In this regard, the case companies in this research were those medium and large textile

companies which produce finished textile products and sell their products in both local and global markets. In connection with this, describing the general profile of the companies is deemed to be necessary to familiarize readers with the case companies and thereby to display a preliminary insight to the within case analysis.

However, due to the anonymity request of key informants, the specific identifiers of each company and respondents were carefully removed from the discussion. Hence, the respondents' profile includes five marketing managers of their respective companies, three vice managers, and one procurement and marketing manager. Regarding their age level, they are between 31 to 47 years of age with educational qualifications of first degree (four of them) and second degree (the rest) in marketing and business administration specialization.

Regarding the profile of the individual case companies, their number of employees ranges from 800 to 6000. In addition to this, the nine case companies alone in total created employment opportunities for about 21,000 people. This is encouraging because the sector is relatively young but still far below the country's expectations in employment creation. Similarly, the production capacity of the case companies ranges from four tons to seventeen tons of textile products per day. The variety of products ranges from hand glove to blanket and carpets and curtains. Bed sheets are the major exportable products by the case companies. Other products include

variety of wearing apparels, bags, shirts, etc... There are also possibilities and attempts by some of the case companies to increase the degree of product variety.

Furthermore, the government's support is very encouraging and it is appreciated by all of the case companies although they still expect additional supports including credit facilities. In general, the trend in the sector is toward integrated textile products than specialized products. The details of the findings from the case companies are presented in the following sections. The within case analysis is presented as follows.

5.4 Within Case Analysis

The within case analyses are central to the generation of insights because they help researchers to cope early in the analysis process with the often enormous volume of data (Eisenhardt, 1998). In this regard, the purpose of the within case analysis is to provide general idea about the case companies and to present the differences among the case companies and to enable explain the reasons for the rivalry (opposite) findings among the cases later in the cross case analysis. Hence, it allows the researcher to understand the unique characteristics of each of the emerging patterns within individual cases and gives the readers familiarity with each case. However, there is no standard format for the within case analysis (Eisenhardt, 1998). Therefore, the level and scope of individual case description is guided by the nature of

the research questions raised and the level of details required from each of the cases.

Consequently, for the within case analysis, five case companies analyses are presented in similar analytical framework. The application of such similar analytical table (for the within case analysis), serves two purposes in this research. Firstly, the table gives consistent themes and framework so that each of the cases is examined similarly and hence ensures consistence. Secondly, the table condenses the large and voluminous interview data into manageable and meaningful presentations. Hence, following such similar format, only five case companies of all the nine case companies considered are presented because of data saturation. In connection to this, case five is selected to be the representative case for the remaining four cases because those companies appear similar in the individual case analysis in key constructs concerned. Hence, adding more cases (than the five cases presented) would not add more significant meaning to the finding which justifies the state data saturation.

Generally, the within case analysis enables not only to uniquely present each of the five cases but also to classify the firms into relatively most successful, least successful, and average performing firms (which constitute the majority of the cases) based on their relative performances in the export market. Furthermore, for the within case analysis, verbal descriptions which are intended to make each case more detailed are presented using

consistent format. Hence, the within case analyses are first presented in tabular format and then verbal description for each of the five cases follow.

Case (code)	Marketing Plan	Enabling Environment	Marketing strategy formulation (STP)	Marketing strategy Implementation (4Ps)	Performance (Local and global)
1	<p>1Goals</p> <p>1.1financial goal</p> <ul style="list-style-type: none"> -increase revenue by 50% -increase export to 80% <p>1.2. nonfinancial goals</p> <ul style="list-style-type: none"> - enter new international markets -increase international market share <p>2. opportunities and threats</p> <p>2.1 opportunities</p> <ul style="list-style-type: none"> -Gov'ts support -backward integration for cotton production -AGOA and other trade agreements <p>2.2 Threats</p> <ul style="list-style-type: none"> -low price products -low international experience -low brand reputation in international markets <p>3. Target markets</p> <ul style="list-style-type: none"> -USA (AGOA) -Europe (Italy) & China <p>4. Budget for marketing cost</p> <p>- not specified</p>	<p>1.marketing assets</p> <ul style="list-style-type: none"> -new product development -increasing product width and length -marketing research once a year <p>2.marketing capabilities</p> <ul style="list-style-type: none"> -some training and development of employees -new machinery purchase <p>3. core competency</p> <ul style="list-style-type: none"> -operational excellence developed through long experience -good brand reputation in the local market 	<p>1.Segmentation&targeting</p> <p>1.1 for local market</p> <ul style="list-style-type: none"> -sex, age, and religion -government at different level <p>1.2 International market</p> <ul style="list-style-type: none"> -no defined criteria -major product is bed sheet and gray cloth <p>2. Differentiation and Positioning</p> <p>2.1 local markets</p> <ul style="list-style-type: none"> -some ads. -sponsoring public events and festivity <p>2.2 international markets</p> <ul style="list-style-type: none"> -promoting brands through trade fairs, exhibition, and sending samples through Ethiopia embassies abroad 	<p>1. product dev't</p> <ul style="list-style-type: none"> -order base new production/especially for government bodies -good brand reputation in the local markets -product quality is good in the local markets -Export standard product for international markets -packaging is poor <p>2. price</p> <ul style="list-style-type: none"> -Mark up and cost base - average price in the local markets -going/sometimes lower price in the international markets <p>3. promotion</p> <ul style="list-style-type: none"> -TV ads, sponsorships, and trade fairs in local markets -trade fairs and through ETIDI to global market <p>4. Distribution</p> <ul style="list-style-type: none"> - wholesalers and branch distribution outlets for local -no identified distributor in the international market -some times failure to meet delivery time/export 	<p>1. Financial performance</p> <ul style="list-style-type: none"> -no specific figure but good in local market -65%-70% of the product is for export <p>2. Nonfinancial</p> <p>2.1 local</p> <ul style="list-style-type: none"> -it is about 30% to 35% of the product -good customer satisfaction -rare or no return <p>2.2 international</p> <ul style="list-style-type: none"> -Still dependent only in exporting -low acceptance -few loyal customers - but still mixed feedback from customers

Table 4: Individual case analysis (case 1)

Case (code)	Marketing Plan	Enabling Environment	Marketing strategy formulation (STP)	Marketing strategy Implementation (4Ps)	Performance (Local and global)
2	<p>1Goals</p> <p>1.1financial goal</p> <ul style="list-style-type: none"> -increase revenue by 100% -increase net income <p>1.2. nonfinancial goals</p> <ul style="list-style-type: none"> - enter new international markets -increase local market share by 50% -increase relative international market share to 40% <p>2. opportunities and threats</p> <p>2.1 opportunities</p> <ul style="list-style-type: none"> -Gov'ts support <p>-more qualified employees in the market</p> <ul style="list-style-type: none"> -AGOA and other trade agreements <p>2.2 Threats</p> <ul style="list-style-type: none"> -Chinese products of higher quality but with lower price -low international experience -low brand reputation in international markets <p>3. Target markets</p> <ul style="list-style-type: none"> - USA -Europe <p>-All regions of Ethiopia</p> <p>4. Budget for marketing cost</p> <ul style="list-style-type: none"> - no specific budget 	<p>1.marketing assets</p> <p>-no formal marketing research</p> <ul style="list-style-type: none"> - poor new product development effort - poor product width and length expansion <p>2.marketing capabilities</p> <ul style="list-style-type: none"> - almost no on the job training and development of employees -high turnover of employees -The company itself doesn't use its own yarn for finished product due to poor quality <p>- 3. core competency</p> <ul style="list-style-type: none"> -Long experience in the field helps to understand the local market better -good brand reputation in the local market -good relationships with local wholesalers 	<p>1.Segmentation&targeting</p> <p>1.1 for local market</p> <p>-Geography (urban-rural)</p> <p>Sex, and age</p> <p>1.2 International market</p> <ul style="list-style-type: none"> -no defined criteria -major product is bed sheet and blanket <p>2. Differentiation and Positioning</p> <p>2.1 local markets</p> <ul style="list-style-type: none"> -promotion (ads) <p>- 2.2 international markets</p> <ul style="list-style-type: none"> -promoting : through ETIDI and chamber of commerce in trade fair exhibitions - sending samples to known distributors abroad <p>Through Ethiopian embassies</p>	<p>1.product dev't</p> <ul style="list-style-type: none"> -ordered base new product production -bids are the most common base for new products -good brand reputation in the local markets <p>2. price</p> <ul style="list-style-type: none"> - Cost plus base - relatively average in the local markets -going price in the international markets <p>3. promotion</p> <ul style="list-style-type: none"> -TV ads, and trade fairs in local markets -trade fairs through ETIDI in international markets <p>4. Distribution</p> <ul style="list-style-type: none"> - wholesalers and retailers in the local markets -company door selling (setting minimum quota to sell in the company) -no identified distributor in the international market 	<p>1. Financial performance</p> <ul style="list-style-type: none"> -no specific figure but perceived as good in the local markets <p>2. Nonfinancial</p> <p>2.1 local</p> <p>-it is about 95% of the products</p> <ul style="list-style-type: none"> -good customer satisfaction -few customer complain <p>2.2 international</p> <ul style="list-style-type: none"> - dependent only on exporting -low acceptance -few customers <p>- considerable returns and complaints (up to 50%)</p>

Table 5: Individual case analysis (Case 2)

Case (code)	Marketing Plan	Enabling Environment	Marketing strategy formulation (STP)	Marketing strategy Implementation (4Ps)	Performance (Local and global)
3	<p>1Goals</p> <p>1.1financial goal</p> <ul style="list-style-type: none"> -increase revenue -increase export to 30% <p>1.2. nonfinancial goals</p> <ul style="list-style-type: none"> - enter international markets <p>-Maintain local market share</p> <p>2. opportunities and threats</p> <p>2.1 opportunities</p> <ul style="list-style-type: none"> -Gov'ts support -Large and increasing local market -AGOA and other trade agreements <p>2.2 Threats</p> <ul style="list-style-type: none"> -low international experience -low brand reputation in international markets <p>3. Target markets</p> <ul style="list-style-type: none"> -Europe (mainly Germany and Italy) <p>-Government and major cities of the country</p> <p>4. Budget for marketing cost</p> <ul style="list-style-type: none"> - Some amount for marketing research (not specified) 	<p>1.marketing assets</p> <ul style="list-style-type: none"> - poor new product development effort - poor product line <p>2.marketing capabilities</p> <ul style="list-style-type: none"> - some on the job trainings for marketing and production employees -high turnover of employees due to low salary - 3. core competency -Long experience in the field -reliable sole distributor for local markets -good brand reputation in the local market -good relationships with local customers through the sole distributor 	<p>1.Segmentation&targeting</p> <p>1.1 for local market</p> <p>-Occupation (soldier, student, factory worker, etc.....) and Sex</p> <p>1.2 International market</p> <ul style="list-style-type: none"> -no defined criteria -major products are bed sheet and blanket <p>2. Differentiation and Positioning</p> <p>2.1 local markets</p> <p>-promotion about the product/durability of the product</p> <ul style="list-style-type: none"> - 2.2 international markets -promoting : through ETIDI and chamber of commerce in trade fair exhibitions 	<p>1.product dev't</p> <ul style="list-style-type: none"> -order base new product production <p>-bids are the most common base for new products</p> <ul style="list-style-type: none"> -good brand reputation in the local markets <p>2. price</p> <ul style="list-style-type: none"> - Cost plus base - relatively average in the local markets <p>-no defined criteria for export products</p> <p>3. promotion</p> <ul style="list-style-type: none"> -TV ads, and sponsorship in local markets -trade fairs through ETIDI in international markets <p>4. Distribution</p> <ul style="list-style-type: none"> - Sole distributor -Company door selling (setting minimum quota to sell in the company) -no identified distributor in the international market 	<p>1. Financial performance</p> <ul style="list-style-type: none"> -no specific figure but perceived as good in the local markets - Low international market export <p>2. Nonfinancial</p> <p>2.1 local</p> <p>-it is about 90% of the products</p> <ul style="list-style-type: none"> -good customer satisfaction -few customer complain <p>2.2 international</p> <ul style="list-style-type: none"> -only dependent on exporting -low acceptance -few customers <p>- Considerable amount of return (up to 40%)</p>

Table 6: Individual case analysis (case 3)

Case (code)	Marketing Plan	Enabling Environment	Marketing strategy formulation (STP)	Marketing strategy Implementation (4Ps)	Performance (Local and global)
4	<p>1Goals</p> <p>1.1financial goal</p> <ul style="list-style-type: none"> -increase revenue by 100% <p>1.2. nonfinancial goals</p> <ul style="list-style-type: none"> - enter new international markets -increase current international market share by 100% <p>2. opportunities and threats</p> <p>2.1 opportunities</p> <p>-Gov'ts support (in addition to the common incentives, it pays half of the salaries of the company's foreign experts)</p> <ul style="list-style-type: none"> -backward and forward integration for cotton production and distribution -AGOA , All but arms, and other trade agreements <p>2.2 Threats</p> <ul style="list-style-type: none"> -low price products -low brand reputation in international markets <p>3. Target markets</p> <ul style="list-style-type: none"> -USA (AGOA) -Europe in general <p>4. Budget for marketing cost</p> <p>- It depends on the need.</p>	<p>1.marketing assets</p> <ul style="list-style-type: none"> -new product development (based on marketing research and customers' order) -increasing product width and length <p>-marketing research When needed but at least once a year</p> <p>2.marketing capabilities</p> <ul style="list-style-type: none"> -training and development of employees -new machinery purchase <p>-Production and marketing expertise from abroad</p> <p>3. core competency</p> <ul style="list-style-type: none"> -operational excellence through modern and efficient machinery <p>-Better expertise pooled from international markets</p>	<p>1.Segmeantion&targeting</p> <p>1.1 for local market</p> <p>-Less focus for local markets but government is the focus</p> <p>1.2 International market</p> <p>-Gender and age are the main criteria</p> <p>-major products are bed sheets and cloth of different kind</p> <p>2. Differentiation and Positioning</p> <p>2.1 local markets</p> <p>-Word of mouth about the product, the product promotes itself</p> <p>- 2.2 international markets</p> <ul style="list-style-type: none"> -promoting brands through trade fairs, and through the foreign distribution partners 	<p>1.product dev't</p> <ul style="list-style-type: none"> -order base and recommendations from foreign distributors, research -good brand reputation in the local markets <p>-Product quality is best in the local markets and the demand is excess</p> <p>-Export standard product for international markets</p> <ul style="list-style-type: none"> -packaging is good but not as good as it should be due to material shortage <p>2. price</p> <ul style="list-style-type: none"> -Mark up and going pricing (usually considering Chinese and Pakistanis' products) <p>- Higher than average in the local markets</p> <ul style="list-style-type: none"> -Average price in the international markets <p>3. Promotion</p> <ul style="list-style-type: none"> -Word of mouth and sponsorship in local markets <p>-ETIDI, foreign distributors, and company website for global market</p> <p>4. Distribution</p> <ul style="list-style-type: none"> - wholesalers for local marketers <p>-Foreign distributors in their own country</p>	<p>1. Financial performance</p> <ul style="list-style-type: none"> -no specific figure but good <p>-more than 85% of the product is for export</p> <p>2. Nonfinancial</p> <p>2.1 local</p> <ul style="list-style-type: none"> -it is less than 15% of the products -good customer satisfaction -rare or no return <p>2.2 international</p> <p>-Good and promising acceptance</p> <ul style="list-style-type: none"> - Encouraging number of customers <p>- Good feedback from customers</p>

Table 7: Individual case analysis (case 4)

Case (code)	Marketing Plan	Enabling Environment	Marketing strategy formulation (STP)	Marketing strategy Implementation (4Ps)	Performance (Local and global)
5	<p>1Goals</p> <p>1.1financial goal -increase sales revenue by 80%</p> <p>1.2. nonfinancial goals - increase market share with new product -increase international market participation</p> <p>2. opportunities and threats</p> <p>2.1 opportunities -Gov'ts support -started cotton implantation - Duty free export agreements</p> <p>2.2 Threats -low international experience -low brand reputation in international markets</p> <p>3. Target markets -USA -Europe and South East Asia</p> <p>4. Budget for marketing cost - not specified</p>	<p>1.marketing assets -new product development -increasing product width and length -marketing research once a year</p> <p>2.marketing capabilities -Technological fitness through training and development of employees -production expansion</p> <p>3. core competency -operational excellence skilled employees - increased brand reputation in the local market</p>	<p>1.Segmentation&targeting</p> <p>1.1 for local market -Sex and age -Government at different level</p> <p>1.2 International market -no defined criteria -major product is bed sheet and blanket, t-shirts</p> <p>2. Differentiation and Positioning</p> <p>2.1 local markets -Advertisements</p> <p>2.2 international markets -promoting brands through trade fairs and exhibition</p>	<p>1.product dev't -order base new production -some need assessment -product quality is good in the local markets -Export standard product for international markets -packaging is poor</p> <p>2. price - Cost plus - Average price in the local markets - lower than average price in the international markets</p> <p>3. promotion -TV ads. and trade fairs in local markets -trade fairs ,through ETIDI promotion to global markets</p> <p>4. Distribution - wholesalers and office sales outlets for local markets - mainly direct export -some times failure to meet delivery time/export when there is foreign request</p>	<p>1. Financial performance - good in local market -more than 50% of the product is for export</p> <p>2. Nonfinancial</p> <p>2.1 local -it is about 50% of the product -good customer satisfaction -rare return</p> <p>2.2 international -Still dependent only in exporting -low acceptance - encouraging feedback from existing customers -claim for low quality return</p>

Table 8:Individual case analysis (case 5)

CASE 1

Case 1 has been in operation for about five decades in the market. Its product variety ranges from carded yarn to knitted fabric and garment (knitted & woven) to blanket and bed sheets. The company is mainly specialized in T-shirt production with normal capacity of more than 4000 pieces per day.

According to the key informant, the level of emphasis given to marketing is low as compared to the emphasis given to operation and finance functions. The company's marketing plan is formulated annually but with the emphasis of increasing sales volume. Such low emphasis is evidenced by little budget for basic marketing operations such as market research and promotions.

"we (the marketing department) usually present our annual plans to management group and to the board of the firm and argue on matters of improvement. Increasing sales volume and exporting issues usually get the attention of the team. When it comes to budget, the company fails because it is sensitive to cost and its emphasis is on cost reduction, what so ever".

Such extreme cost sensitivity triggered the company's strategic objective and forced it to see the market research and promotion budgets as a mere costs of the organization which, the managers think, should be minimized.

Regarding the staff development and enhancing company's capabilities, the key informant described almost none.

“if at all training and capacity building activities are practiced in our company, it is to the operation employees and for the very short time. Otherwise, we try to hire employees who already have had experiences from other similar firms just to eliminate training costs. But as it is very stiff to compete with, we cannot get the required amount of employees as we liked.”

By the same token, the company claims that its core competency in the local market is blanket production which it has accumulated through long experiences but the key informant could not recognize any in the international markets.

The company formulates its marketing strategy annually. Such strategy can also be read from the marketing plan of the company. In the 2014 company’s marketing plan, it aimed to increase its export to 80% of all of its total production in that fiscal year. However, it failed to explain the status of its past performance from the document. In connection to this, in its document, the company stated backward integration to input production and enhancement of its product quality as major strategies of achieving its marketing objectives (exporting about 80% of its total production). However, the focus of the entire marketing plan is about increasing sales volume. To that end, the company used age and sex as a major segmentation criterion to the local market.

The new product development base for the company is customer order.

“Usually customers place order to our company and we process that order. Other times, we produce seasonal products like clothe for summer, winter, and celebration based on our past experience and the tradition of the people. Order is placed directly to the marketing department and the product’s quality and feature is determined by the customers’ specification”.

Then the company works to meet the specified quality of the product on the agreed upon time. However, the key informant admits that there are sometimes delays due to some logistical problems of the company.

In view of production, the company produces yarn (semi finished product) but it does not use its yarn for its finished goods production because the yarns are of low quality. This may imply that the company could have reduced its cost of production had it used its own yarn as raw material for the final product. Besides, it could have also reduced transaction costs and dependency on other firm(s) for raw materials. Hence, improving its yarn product quality versus buying the yarn from other suppliers remains the two competing strategic alternatives for the company.

Similarly, the key informant explained that there is no as such formal market research to identify customer needs and preferences; it is all based on the company’s experience and tradition. Further, the company produces differentiated product for export (which the company labels it as export standard) and ‘normal’ product for domestic market.

“We produce our products only when order is placed for export markets. Some three years back, we had customers from Italy and other European countries and we used to transport the products to their ports.

Later, some of them shifted to other countries’ products. However, customers’ comments about our products are good in the local market. For this reason, in blanket products, ours are preferred to competitors by the domestic customers”.

The key informant expected that one of the major reasons for the company’s export reduction is quality. Thus, for the company, export market has become very competitive and difficult to penetrate.

Comparatively, the company’s pricing strategy is mark up and cost-plus for domestic market and going price for international market. But sometimes the company also considers the going price especially in times of bidding for bulk buyers in the local markets. In this case, the major buyers in the local market are government institutions which usually buy products in an open bidding system. Hence, considering the pricing strategy of competitors is very important for the company to win the bid.

The current export of the company is about 65% of its total production with the tendency to decline unless some measures of export enhancements are taken. The possible reason for the declined export is that its cost of production for the export product is higher relative to international competitors which in turn demands higher price than competitors for the company to be profitable. However, the reality in the international market is different because the export products are sometimes priced lower than even the price of the same product in the local market in order to make the

export product price competitive. Such product price controversy happens in the company with the intention of meeting the government's plan of increasing the national export through the promising sector. Because the government encourages export of textile products and different incentive packages are available only for exporting companies. Hence, to be eligible for that incentive package such as importing raw materials with few or no import tax, getting bank loan, free training and promotion possibilities and duty free export, the company participates in export market.

Branding is the other challenging issue for the company. *"The foreign buyers do not perceive us of offering the right quality product unlike they perceive others such as Chinese, Pakistanis, and Indies"*. And the key informant explains that this is of major concern to the company even in the local markets.

Regarding the promotional efforts, the company has no special program for promotion; neither does it allocate budget for it.

"Usually we sell for limited and known distributors in the domestic market. They come and purchase the products from our stores. After all, most of our sales go to government organizations with which we are quite familiar. In the other context, the Ethiopian embassies and the textile institute support us in promoting our product for international markets through facilitating exhibitions and bazaars and enable us to participate in some foreign countries".

These two parties help the company to attend exhibitions and trade fairs abroad and the company tries to promote its product through that alone.

Otherwise, the company has not tried to promote its product to international customers on its own so far.

In terms of channel of distribution, the company uses a simple direct channel where domestic buyers come and buy the product or the company itself transports the sold quantity to the customers' preferred destination. And it has also one small distribution outlet in the company's working place corridor and some consumers come and buy the products for their personal use. However, there is no defined distribution channel in the international market.

Considering its performance relative to competitors, the company rates itself as good in the local market and poor in the international market. In terms of customers' satisfaction, the company claims that the local customers are satisfied by its products in general and its blanket product in particular although the company conducted no formal customer satisfaction survey. In contrast to this, the low acceptance rate and sometimes returns due to wrong quality claims are evidences of customers' dissatisfaction and the company's inability to compete in the international markets.

CASE 2

Case 2 has been in operation for about two decades in the market. Its products range from yarn, woven, and knitted fabric to garments. Its

production capacity is spinning 20 tons per day, weaving and knitted 55,000 meter per day, and finishing 60,000 meters per day.

According to the key informant, the level of emphasis given to marketing is low and there is no defined set of budget for marketing alone. And there are no considerable branding attempts for the products. The company dominantly produces products for local customers and government is the major buyer of the product. The company gets direct purchase from the government for its huge consumption in military, prison, and other institutions. Hence, such strategies as segmentation and targeting are not of major concern to this company in the domestic market. In its marketing plan, the company sets out to increase its exports to 40% of its total production by producing high quality export standard products (different from local products) to satisfy the government's encouragement and to benefit from foreign currency for their raw materials and machineries importation. The plan further elaborates to increase its total production and sales even in the local market though production expansion. Although, it was not possible to find such figure from the marketing plan, the key informant explained that some amount of budget is allowed for market research at management level and the figure can be estimated based on the action plan (which can be prepared when needed). The key informant elaborated this as:

"the company needs to expand its market to international level and hence some budget is allocated for market assessment. The Textile institute and the

Ethiopian embassies in their respective countries are helping us in searching for international markets. We send them our sample products and they try to create link for us. In the coming five years, we will be good at export when our expansions are finished and new machineries are installed”.

But these days, the company export is limited only to 5% of its total production.

The key informant further explained that the base for new product production is customer order and usually the government is the major customer. But sometimes the company conducts some market research regarding the rural and urban customers’ preferences about wearing apparels. And, since its production is based on customers’ order, the company sells most of what it produces as quality is agreed based on the specification.

The company’s base for setting its pricing strategy is going price. In view of this, the company believes that it has developed economies of scale which enable it to produce at a relatively lower per unit cost than competitors in the domestic market. Hence, its relative going price with the competitors will still be profitable to it. The key informant also explained that the company exports some products usually based on trial bases but receive considerable amount of return claims (about 50% of exported product) even from that limited quantity of export (which is only 5%).

Regarding promotion, the company is not engaged in promotional activities for both local and international markets but for different reasons. For the

local market, the major buyer is the government which has already known its product and quality level which implies that promotion may not be as such important. But in the international market, the company lacks experience to do it on the one hand and it assumes that it is very expensive to do so on the other hand. However, it tries to use the opportunities created by the ETIDI and Ethiopian embassies and tries to promote through attending bazaar and exhibitions. But the key informant does not feel that the efforts made for promotion so far is enough

The company's strength in the domestic market comes in its distribution system. Although it does not have any defined distributor in the international markets, it uses sole distributor to the domestic markets. The sole distributor has outlets in major cities of the country and serves the nearby customers (usually the government bodies) near to their areas of operation. And the company sets clear distribution policy in that if a distributor or wholesaler comes to distribute its product; so far as it meets the minimum requirement of sales amount and legal requirements, it can do so. However, the key informant mentioned no one single company which has participated in the distribution so far.

Notably, the company has the plan to backward integrate its production system and intends to produce the yarn and other raw materials for its consumption in order to reduce cost of production further and ultimately increase its competitiveness.

While appreciating the government's incentives for the export markets, the company still expects additional support from the government such as land for raw material production and availing foreign currency for the exporting firms in special consideration to import production and production related materials. Cognizant to this, the company identified that the core problem of its internal environments is lack of marketing and production excellence. Besides, the key informant explained that employee turnover in the company is higher than average in the sector which may call for salary adjustment for the company to retain experienced and qualified employees longer which, however, needs board approval to do so.

Generally, the company rates itself as competent in the local market although it gets most of its sales for granted (by the government). However, it admits its inability to compete in the international markets due to its production of less than international accepted product quality, poor branding, and little export experience.

CASE 3

Case 3 has been in operation for about three decades in the market. Its products are gray cloth, bed sheets, blankets and woven fabrics in general. Its production capacity is spinning about 17 ton per day and weaving about 70,000 meter per day. The key informant explained that the attention given to marketing in general is not satisfactory as he explained that the

marketing professionals in the company are few in number when compared to other professionals in the other departments. However, the key informant explained that there are movements to make employees aware to act as sales ambassador of the company for the simple and direct reason that the company's existence is justified by the existence of its customers. The key informant further explained that

“despite the growing awareness of the company to competition, still the focus is on increasing sales volume and sales strategies. With this in mind, the company sets annual sales plan and works towards that. And as to me, the marketing strategy is not well defined and focused. Especially for the international markets, we do not have any strategy and with this view, I think we will not be competitive even within some years to come”.

The marketing plan of the company substantiates this statement that the company plans to maintain its local market share and enter international markets with quality products. However, the plan does not clearly indicate how it will enhance its product quality and doesn't indicate the marketing strategy it will apply to the international markets.

The company has relatively long experience in the field and good reputation in the local market. In the local market, it has accrued good brand image and reflected by selling almost all of its products available for sale. The company uses occupation and gender as major criteria for market segmentation. Regarding the marketing enabling environment, the key informant explained that;

“we feel that enhancing the skills of our staff in general and marketing and operation staff in particular is of paramount importance. In our strategic plan, we give such skill enhancement as a top priority. And, there have been very few on the job trainings for these staffs in general and I do not think it was sufficient”.

However, the key informant explained that the high turnover rate of employees affects the company’s performance as experienced staffs leave the company for better salary. Such high turnover of experienced employees not only reduces the human development strategy of the company but also more importantly worrying the company because those employees join competitors’ companies in the country.

The new product development base for the company is customer’s order and it varies among its products. For some products such as bed sheet, the company produces them without customers’ order and the key informant explained the reasons that such products have standardized size and usual preferred colors. For other products, usually customers place order directly to the company. And still other times, the company produces seasonal products based on its past experiences such as products for summer and winter. In connection to this, the key informant is confident that the company’s products are rated as good and users know this in the local markets. This implies that it is well positioned in domestic customers’ mind. The company has regular (loyal) domestic customers and they place order whenever they need products which have closer relationships with the

company not only in buying the product but also in communicating feedbacks which they obtained from consumers.

The key informant believes that export is a must for the company not just because it is the government's policy but more importantly the company needs to expand its market in the globe and get foreign currency as a result. The company plans to export about 30% of its total production in 2014/15 fiscal year. However, its past experience indicates considerable amount of return. Hence, it needs to enhance its product quality to meet the international customers' expectations in addition to promotion. This implies that the company needs relatively more than one year to do so. Hence, the stated plan is highly unlikely to be performed in the stated fiscal year.

The company applies different pricing strategies for products to domestic and international markets. In connection to this, the pricing strategy for the international market is usually competitive based;

"price is based on the prices of international competitors (going price). But the pricing base for domestic market is cost-plus and it is relatively perceived that the company's products are set relatively higher than competitors and still the customers are willing to pay for the difference for our well perceived product, bed sheet".

The company's international market destination is mainly Europe. The key informant explained that the company couldn't penetrate the USA market despite the AGOA advantage. In this regard, the textile institute helps the company in searching for international markets even through directly contacting and persuading customers. And through that help, the company

exports both finished and semi-finished products like gray sheet and it is this product which has a relatively better demand. However, the government encourages the companies to export finished products and it is still to the benefit of the company to export value added products. But the key informant explained that due to low perception of the international customers to 'made in Ethiopia' products, they prefer to buy such semi finished and unbranded products to finished products. Hence, branding has remained number one challenge for the company in the international markets.

The company tries to promote its product in the international market through attending trade fairs and exhibitions, mainly through the opportunity created by the Textile Institute. Besides the key informant explained that the company produces standardized and 'quality' product for the international market which is different from the products for local markets but yet exporting remains challenging for it.

The key informant explained that the company has identified key marketing and related problems and he explained that;

“ branding is the major challenge for the company. Packaging is the other major problem. The company cannot import plastics due to foreign currency and working capital shortage for packaging and hence people complain about our packaging in general. Hence, a lot should be done in the company's side because in the future there will be stiff competition even in the domestic markets as many international companies with better experiences in the textile production and marketing are being established here in Ethiopia”.

The problems of the company are well stated and hence should be solved for the company to be competitive in the international market and to contribute its part to the textile 'promising' sector to ultimately contribute to national GDP through export.

CASE 4

Case 4 has been in operation for about eleven years in the market. Its product category ranges from cotton yarn, grey knitted fabric and dyed knitted fabric to finished garments. The production capacity is for spinning 10 ton per day, weaving 6 ton per day, and dyeing and finishing 8 ton per day.

According to the key informant, the level of emphasis given to marketing is good because the very nature of the function demands and the company is huge. "our company is integrated company in a sense that it has processed the semi finished products to itself and in the near future we will also have raw cotton supply for our production. And we consider our company as an international company. Hence, marketing should be given enough attention for us to effectively compete". The key informant's explanation was further supported by the well considered marketing plan which sets out to increase its international relative market share by 100% and to increase its revenue by 100% as well. The indicator for market share in the plan was implicitly considered by the sales volume (assuming that increasing sales volume by 100% can double its own relative market share). The key informant also

explained that the company has relatively stable employees and offers on the job training to them at least once a year. Besides, the company conducts market research at least once a year in targeted international markets by marketing professional. The new experience obtained from this company is that;

“the company pooled better experiences and skills from abroad mainly to enhance its operation and marketing excellence. And the government covers half of the salaries of the foreign employees as part of the incentive packages for the sector”.

Such skilled foreign employees with better international experience not only enhance the company’s competency in the internal environment but also create better link with the international customers.

Generally speaking, the company advanced its production not only through an improved production system but also through improved technology. The company used the first incentive package of the government which is getting bank loan to buy new and up to date machineries. Hence, the marketing enabling environment is relatively well set for the company to formulate and implement its marketing strategies. The company plans in advance to participate in trade fairs abroad through its marketing persons mainly in China, Bangladesh, and Pakistan and thereby assess the demand of those customers for its product and its product quality relative to competitors.

Markedly, the company exports more than 85% of its finished products. It sets out networks with channel members abroad through creating strategic partnership. The key informant explained it further as;

“we have established strategic partnerships with middle men in the aforementioned countries and those partners promote and distribute our products easily. Hence, they place order for our product and it is that order on which we base our production”.

During the interview year (in 2014 fiscal year), the company had eight months forward sales contract with different international customers and the key informant claimed that exporting has become a routine experience for his company.

The pricing strategy of the company is determined based on competition for international markets and on mark up for domestic markets. The key informant explained that international market pricing strategies should consider the prices of similar products in those markets. Such comparison has nothing to do with costs of production. Hence, it will not be surprising that the final price for international markets is sometimes equal or even lower than the local prices. This implies that the focus should be on how to win the competition and become relevant in the market than worrying about short term lower prices. Besides, the company has focused on its controllable factor which is reducing cost of production in order to get fair profit from its product without exaggerating price. And such strategy was well explained by the key informant as;

“since our emphasis is on export and all the government’s incentive packages are geared towards that, our pricing strategy should be very competitive.

Some textile products from Pakistan and China are of high quality but still priced relatively lower. Hence, our pricing strategy should carefully study their prices because price differences can also have significant effect on international channel selection in addition to its effect on customers' willingness to pay".

The company uses raw materials both from local and abroad. For imported inputs such as chemicals, the government allows duty free importation. And in the local market, the company purchases the major raw material (cotton) from local suppliers. However, the company complains about the quality of local cotton, however cheap it may be which forces the company to import it. Hence, in the long run, it decided to fully integrate from input production to distribution and to control its costs of production to the lowest level possible and to enhance its product quality accordingly.

Promotion is mainly made through both international and domestic trade fairs. And the company is confident that the product promotes itself in the local markets. But for the international markets, the company has used an integrated communication. It has used the promotion opportunities created through Ethiopian embassies and other related outlets. It also promotes to international market destinations through host countries' known magazines, newspapers, and even by hiring temporary sales persons in the host countries. Although it doesn't measure its effectiveness in promotion, the company has also its own website and promotes its product through it by posting samples and testimonials and enabling live interaction (chat) supported portal.

The company uses effective channels for international markets through creating partnership with host country distributors. Such distributors not only sell their current products but also receive orders from their respective countries customers and serve as a link between the host country and the company. And the partners also receive feedbacks from their customers and forward the comments to the company. Based on the feedback collected, the company claims that customers are satisfied. The key informant explained it as;

“our customers are satisfied by our products, based on the feedback we obtained. And we are on a good mode in export. If at all complaints are given, it is regarding failure to meet the deadline. For some production schedule reasons and sometimes beyond our control, we rarely fail to meet the dead line. Otherwise, the feedbacks we obtained from international customers are positive and encouraging”.

Regarding the company’s performance, the key informant described that;

“the company is competent and performing well relative to other textile companies in the country. The customers are satisfied and the market is still available. The monetary performance is not, of course, as per our expectations since we incur more logistic costs than competitors in Europe and Asia. And we will work it out through cost reduction in the long run, and in the present time the government’s incentive is offsetting many of the export costs”.

The key informant further assured that the competitiveness of his company by claiming that the company is and will remain number one exporting textile firm in the country. And it was assured from the textile development

2013/14 export report that the company is indeed the number one textile product exporting firm in the country.

And as a general comment to the textile sector in general, the key informant had his final say as;

“the raw material should be improved both in terms of quality and quantity in order to make Ethiopian textile companies become competitive. It is known that the sector has huge potential but yet far from being competent when compared with the Pakistanis, Chinese, and the like textile industries.”

And raw material production in the local market with both quality and quantity consideration and the branding issue are of major challenges which both the sector players and the government should do together to figure them out for the sector to be competitive in the international markets.

CASE 5

This company is selected as a representative company for the remaining four case companies because all of the remaining four case companies which are considered in this research have similar marketing enabling environment, marketing strategy, and market performances. In this case, performance is mainly measured in terms of export amount and proportion relative to total company production. Hence, on matters of data saturation, this case company is selected to best represent the remaining four case companies.

Since the data obtained from the five remaining cases indicate high level of similarity in terms of key constructs concerned in this research, taking any one of the five case companies as a representative could be logically correct. However, case five is deliberately selected as representative case company because of the added explanation from the key informant five from his fifteen years of experiences as marketing manager and deputy general manager in textile sector. Hence, in addition to representing the rest of four cases, case five has included additional points regarding why the textile companies are performing far below than their potentials. Therefore, such added explanation from the key informant in case five not only sufficiently describe the case companies in terms of the parameters concerned but also gives important insights for composing the implications of this report to management practice in general.

Case 5 has been in operation for about two decades in the market. Its products range from yarn and fabric to finished garments. And its production capacity is 15 ton per day and 50,000 meter of gray fabric per day.

According to the key informant, the level of emphasis given to marketing is almost none in strict sense. The general business strategy is set at corporate level and the so called marketing strategy constitutes only little part of that. Hence, the strategy which can be read from the plan is better described as sales strategy without budget than marketing strategy. According to key

informant five, the company's reason for not giving considerable attention to its marketing strategy is not being negligent to the importance of marketing; rather the company considers the marketing budget as cost and it is eager to increase profit in anyway. Hence, the company doesn't consider staff development as possible ways of increasing capability, rather it does consider it as extra cost which should be minimized or eliminated.

“in a company where it has serious working capital shortage, your first job as a marketing manager should be solving cash short outs. The competitiveness issue comes next and immediate survival becomes the demand of the day. Hence, most companies including ours fail to invest in staff development, market research, and technological innovation”.

The idea seems odd as it may be difficult for a company to think of survival without current product innovation and need assessment. However, the key informant hopes that such problems could be solved through extensive involvement of the government with such interventions as making bank loans more accessible to transform the 'promising' sector once and for all.

In its marketing plan, the company plans to make effective use of duty free export agreements and to export its products to Europe and South East Asia. The company has no defined set of market segments in the international market simply because it has no experience in that way. The key informant explained that the company has used the opportunities created by the Ethiopian government in one way or another and follows that link to export its products. And it plans to export 80% of its total production (an increase of 30% from the current 50%) in two years time (in 2014/15 to

2015/2016 fiscal years). The key informant explained that the government's support increases parallel to export (the more the company exports, the better it benefits from the government's incentives). And this is the very reason why companies keep on exporting despite profitability.

The new product development base for the company is customer order. The company has increased its product width somehow and wishes to expand its product line in the future. The company has also tried to position its product of having good quality in the local market and gets considerable acceptance. And for the export market, the company produces a differentiated product with relatively higher quality and width assortments.

The company's pricing strategy is cost plus for the local market and going price for the international markets. Regarding the export product pricing, the key informant explained that;

“for me exporting in the current practice is not profitable to the company. It is surprising and out of competition logic to sell an exported product with lower price than its price in the local market. However, as the company is operating in government's priority sector, exporting is inevitably mandatory for us both in terms of long term benefit and to remain relevant in the promising sector. The government incentive packages work for exporting textile company, and if you do not export then you will not be eligible for the incentive”.

Hence, exporting as a marketing strategy remains both a challenging and an opportunity to the company.

The company uses television advertisements in selected periods such as in the beginning of Ethiopian New Year and first week of Easter. And it also

participates in annual bazaars and exhibitions which are usually organized by regional governments in the domestic market. But for the international markets, it has no defined strategy of promotion except for its rare participation in some international trade fairs with the help of the textile institute and other governmental bodies.

In terms of distribution system, the company uses strategic wholesalers in the local market which regularly distributes the company's products. And it has also small distribution outlet in the company's factory corridor and some consumers come and buy the products for their personal uses. But for the international markets, there is no as such defined distribution channel as the company simply exports after getting request from foreign distributors.

As a result of its performance, the company rates itself as good and competent in the local market relative to local competitions and almost insignificant in the international markets. In terms of customers' satisfaction, the company claims to have satisfied domestic customers which the company measures in terms of very rare returns and almost no serious complaints. However, for the international customers, the considerable amount of returns for inferior quality indicates the existence of unsatisfied customers on the one hand and the company's lower than average product quality as perceived by international customers on the other hand.

Thus, the key informant argues that;

“Made in Ethiopia textile products are rarely appreciated in the foreign markets as the country itself needs further promotion because ‘quality’ mostly exists in customers’ mind which has to do with branding strategy. For example, in terms of chemical use, the Ethiopian textiles are of less chemically intoxicated and harm little as compared to other competing products in the international market. And for me we (Ethiopian textile companies) lack positioning and packaging when I compare our textile products with other competitors in the international markets. The rest differences are attributed to perception not to the real differences in the products”.

Hence, the key informant strongly argued that branding problem takes the lion share of the problems for the textile companies to be less competitive in the international markets.

The key informant finally recommends some solutions to enhance his company’s competitiveness in particular and to textile sector in general. These are attributed to producing skilled man power which is especially required in garment engineering and international marketing. And the second recommendations goes to the government to further increase its incentive packages including facilitating bank loans for the textile companies to buy new machineries, production expansion, and attracting more investment in cotton production. Finally, the key informant recommends about attracting and using technology transfer which is required from experienced and foreign owned firms in Ethiopia. Those firms can also come with their own foreign customers so that other local firms can benefit from them. But such request for extensive foreign companies’ involvement may call for more investment and market openings for such kind of firms to be established in Ethiopia.

However, such opening of the investment climate in the textile sector for foreign companies can also have a challenge to domestic textile firms (as equally as it has opportunities to them). This is because those firms may have better production, marketing, and management experiences and hence can make the competition stiff even in the domestic market.

Such a practice has become a solid reality in the country these days when Dangote, a Nigerian based international cement factory, was established in Ethiopia a few years ago. However, Dangote overwhelmingly dominates the domestic cement market (with better quality product and lower price) and makes the local cement factories almost idle in their own local markets wherein they have been operating for more than twenty years.

5.5 The Cross Case Analysis

The purpose of the cross-case analysis in this research is to go beyond initial impressions of the data from the individual within case analysis and see the findings from diverse and broader perspective. It follows that this analysis technique improves the likelihood of accurate and reliable theory, which is a theory with a close fit with the data as the researcher can capture the novel findings which may exist in the data (Eisenhardt, 1989).

Thus, the central idea in cross-case analysis is that a researcher constantly compares theory and data-iterating toward a theory which closely fits the data. Besides, the researcher is guided by dimensions which can be suggested by the research problem or by existing literature, or the researcher can simply choose some dimensions (Eisenhardt, 1989). Thus, the fit between the conceptual framework and the themes which emerged from the within case analysis framed the structured data analysis detailing each of the constructs presented in the conceptual framework as they fitted into the themes of the empirical data of this research. As a result, the cross-case analysis begins with the presentations and discussion of cases which appeared different in terms of the key constructs concerned. Hence, the comparison between most successful case company (case four) and least successful companies (case two and three) are discussed. The purpose of discussing apparently opposite firms is to give an insight regarding key factors of differences and thereby to facilitate the details cross case analysis as it is framed based on the key constructs later.

In view of the above logic, Case four (code 4) is found to be the most successful company compared to the other case companies in export performances. Even in the local market, the company sets a relatively higher price than competitors but still customers pay for the difference "... in the local market, we can sell what we produce with above average price," the marketing manager explained. On the other hand, cases two and three are relatively the lowest performers in export market. However, still they claim to have good reputation in the local market and the local sales volume is still encouraging as a result. The remaining case companies have more or less similar results with case company five which is judged to be relatively average performer for this research purpose. So, further explanation is required to attempt to answer why case company four is more successful and why case companies two and three are less successful than others.

The critical analysis of the key success factors of the case companies presented (as indicated by bold in the within case analyses tables) indicates some level of differences in the companies' marketing plan focus, enabling environment, and marketing strategies which may be regarded as the possible explanations for their differences in performances.

It was theoretically presented in chapter three (resource base view chapter) of this research that companies' internal strength is the major determinants of their competitiveness. Such theory makes sense that under normal circumstances, the external environment has similar influences for all of the

case companies and hence it should be held constant. This implies a bold claim that to the extent companies have appropriate internal strength, they become competitive.

In connection to this, the RBV claim is well supported by the within case analysis that even the ability to exploit the government's support depends on each company's own strategy.

The government's support is varied which includes covering half of the salaries of foreign expertise if a company wants to hire because of a relatively higher wage rate for foreigners (evidence from case company four). However, from the within case analysis, it was found out that only case four (a relatively most successful company) has made use of such opportunities. Moreover, producing better quality product and being perceived by customers as such is the other marketing strength (core competency) of case company 4 accompanied by higher price than industry average with more sales volume even in the local markets. This finding confirms the prior findings of (Aschalew & Elias, 2014) who argued that Ethiopian consumers (if they are able to buy) are less price sensitive and give more weight to perceived brand image in their purchase intentions. In brief, the following table presents the key differentiating factors of best and least performing case companies in this study.

Criteria	Case 4(most successful)	Cases 2 and 3 (least successful)
Marketing plan		
Focus of the target market	International markets (Europe and USA)	-Local markets (especially government)
Marketing research	-At least once a year conducted -There is (specified based on proposal)	-There is no formal research -There is no budget
Government support exploited	Common support plus half of the salaries of foreign experts employed by the company	Common support
Enabling Environment		
Technology	-Technology transfer through foreign employees -using up to date machineries	Local and business as usual
Operational excellence	-Production and marketing excellence through better marketing skill -pooled skill from global	Little emphasis to such excellence
Production equipment	Modern technology for production	Existing technology
Marketing strategy formulation		
Segmentation criteria for international markets	Demography and geography are the main criteria	No defined criteria (intermittent export)
Differentiation and positioning in the international markets	-Through the foreign distribution partners -branding as a major strategy	No defined attempt and strategy
Marketing strategy implementation		
Product for local and international markets	-Different (normal and export standard) -85% of export standard (higher quality product production)	-some differences observed
Price for export products	Average price	Lower than average
Price for local market	Higher than average	Average
Promotion in international markets	ETIDI, foreign distributors, and company website	ETIDI (government initiatives)
Distribution in international markets	Foreign distributors in their own countries (host distributors)	None
Performance		
- Export percent from total finished products	More than 85%	5% to 10%
- Customer acceptance in	Good and promising	Poor (decrease from

the international markets		year to year)
- Returns or complaints by international customers	rare or no	High (up to 50% of the export)

Table 9: Comparison of extreme case companies

The comparison presented in the above table identified the success factors for the case companies, especially in the export market. As it is indicated, the technology, marketing research, the ability to exploit opportunities, differentiated products for international markets, investment in employees' leverage (hiring experts), forming foreign partnership for distribution and promotion, applying the right technology for production to maintain quality are the key success factors of the companies especially in the international markets. This case analysis is similar with previous researches of (Ruzo, et al., 2011) who argue that application of the right marketing strategy consisting of the aforementioned success factors are determinants of competitiveness in the global markets. The practices of Chinese companies which dominate almost 50% of the world's textile market take explicit account of those mentioned success factors in their operations (MacDonald et.al, 2013). Therefore, this finding implies that Ethiopian textile companies can be competitive in the global market (as it is the case for company four) if they develop their competitiveness through the right marketing strategy and marketing enabling environment.

The remaining case companies have almost similar marketing strategy and performances with case company five. They operate in both local and international markets though more sales are to the local market. In addition

to this, their investments in marketing assets and capabilities are low when compared with case company four. The encouraging finding regarding their future competitiveness is that they plan to backward integration to get sustainable raw materials. Such integration has greater implications in the cost of production and product quality which in turn may enhance their competitiveness in the future.

Regarding the enabling environment, the attempt and plan of the average performing companies to increase product length and width can increase strategic advantages. Besides, the attempts made to enhance production excellence through new machinery are still promising. And, the attempts made by those companies to build good brand image in the local market is encouraging. However, capabilities development within innovation and core competency remains poor in the average performing case companies.

Regarding the marketing strategy formulation and implementation, the practices of the average performing case companies is below satisfactory. As a result, their performance in the global market remains poor. The fact that most of them are dependent on simple export strategy reduces their acquaintances with the global customers which in turn result in low customer acceptances due to poor brand positioning.

In general, the case companies share a lot of similar experiences regarding the three constructs which are depicted in the conceptual framework (marketing enabling environment, marketing strategies, and marketing

performances). Hence, those similarities form the bases for cross-case analysis and hence detailed investigations of the themes emerged from the similarities of the findings from the cases blended with the conceptual framework are presented in the cross-case analyses in the following detailed sections.

Accordingly, the first section presents the marketing enabling environment from the resource based view perspective across firms. Next, the marketing strategy formulation and implementations practices of the case companies are presented respectively. The similarities and differences of the themes emerged from the data are compared and contrasted with the theory. Then the case companies' relative perceived performances are presented. Finally, the interaction of the three major constructs of the research are presented and argued. Furthermore, whenever it is found to be appropriate, the findings from the within and cross-case analyses are blended to justify and argue the link between the research constructs.

5.5.1 Enabling Environment (Marketing Assets and Capabilities)

Earlier in Chapter Three of this study, marketing assets and capabilities were clearly conceptualized. Accordingly, marketing asset refers to the resource endowments which a firm has accumulated for factor costs and managerial support. In connection to this, Day (1994) argues that marketing assets consists of investments in the scale, scope, efficiency of facilities and systems, brand equity, and the consequences of the location activities.

On the other hand, capabilities are the glue that brings these assets together and enables them to be deployed advantageously (Day, 1994 and Hunt & Arnett, 2006) and they can also be difficult for management to identify. Therefore, the basic difference between the marketing assets and capabilities is the inimitability, intangibility, and non-tradability of capabilities which instead is deeply embedded in the organizational routines.

However, they are both treated as enabling environments or conditions for marketing strategy formulation and implementation in this study. The details of the findings of marketing assets and capabilities are presented as follows.

5.5.1.1 Marketing Assets

The marketing assets were examined in terms of the budget allocated to marketing and top level management emphasis to marketing strategy. Accordingly, the investments allocated for customers' service, developing new product, build strong brand image, promotion and customers' education, improving distribution channels, marketing research, and the like are included in marketing assets (Ramani & Kumar, 2008). Thus, almost all of the key informants (except in case four) stated that marketing assets are poorly conceived and treated in their organizations. In addition to

this, the marketing plans of the case companies substantiate such claim in that the plans are better referred to as sales plan without budget.

To most of them, marketing research is a rarely done activity and if at all conducted, it is only once a year and even mostly unsatisfactorily. Besides, the level of emphasis and perception given to marketing strategy is very narrow; as a representative statement by the key informant in case five indicated;

“There is no defined set of budget for marketing alone. Neither is there considerable branding for the products. If at all marketing is considered at the time of an annual planning, it is to the level of selling and all other tactical plans are regarding selling; hence marketing is equated to be selling”

Similarly, the key respondent in case one further substantiated and elaborated the above claims:

There is annual so called marketing strategy by the marketing department in our company like all other departments have annual plans. But the focus is on sales volume. The company sets annual sales volume at the planning period and works towards that. The less emphasis given to marketing is evidenced by the existence of only few marketing professionals in the company compared to the staffs of other departments of our company”.

Both claims in the above statements imply that the level of asset commitment given to marketing strategy is minimal. On the other hand, the companies’ investment on marketing assets such as investment on

marketing research reduces the possibility of failure and increases possibility of success in the market as the relative prediction of marketing research to the actual market is significant and higher (Kotler & Armstrong, 2012). This is further supported by (Day, 1994) arguing that marketing assets encompasses investments in the scale, scope, and efficiency of facilities and systems brand equity and the consequences of the location activities all of which are enabling and supporting conditions for companies to develop competitive advantage. Hence, failure to invest in marketing assets reduces competitiveness and may lead to failure at the end. The relevance of marketing asset commitment increases more when a company competes at the international level. To this end, the case companies (except case four) have lower base of marketing enabling environment which in turn attributes to their poor design and execution of their marketing strategies.

The reason for not investing on marketing assets was also identified in the in-depth interview with key informants that since the companies have liquid cash shortage, they usually prefer short term profits to sustainability and long term competitiveness. As the key informant in case five explained *“our company is interested in quarterly and annual gross profits. And as much as it can, it tries to cut any costs including costs for employees leverage, promotion, and branding”*.

This statement was also further substantiated by the key informant in case three as he described;

“ our marketing plan is formulated as to how much we will sell than what we need to invest to obtain that volume of sales. In general, investing in marketing assets is perceived to be mere costs in our company”

Therefore, the findings clearly indicate that the reasons for not investing on marketing assets are broadly categorized as perceiving them as costs, emphasis on short term return and poor perception about marketing in general. These reasons are against the lived realities of the current global market which dictates that investing on marketing assets is essential and even mandatory for long term survival. In connection to this, literatures claim that investing on marketing assets should be viewed as investments rather than costs by a company (Morgan, Katsikeas, and Vorhies, 2012). Furthermore, if the objective of a company is to be competitive in the long run, it should not be trapped by short term profit trap (Morgan et al, 2004). As competitiveness is developed by choosing one of the cost, differentiation, or focus strategy (Porter, 1985), the decision to choose the one should be based on market information and considering the company's internal strength which both call for investment in marketing assets. And the companies' internal strength is nothing but required level of skill, technology and capability all of which can be built with investing in marketing assets.

As a result, the findings show that the selected textile companies invest little on marketing assets. Such little investment affects their ability to serve their customers effectively in both domestic and international markets, as it will be presented later in the performance section. Their inability to invest on

branding and promotion, for example, results in lower perception by international customers for the 'made in Ethiopia' products on the one hand. And on the other hand, all transactions costs through the lengthy logistics processes add up to the total costs and make the final price higher. Hence, there is no rational reason for unaware customer in the international market to buy Ethiopian textile products for higher price where almost the replica products are available cheaper unless significant brand differences exist to justify value for money. In both cases, investing on marketing assets is important to accrue good brand image and to convince customers to pay a relatively higher price than competing products (to cover the logistics costs).

However, the investment on marketing assets alone does not guarantee success to companies so long as whether the cost or differentiation marketing strategies are not the deliberate decisions of companies (Zahay & Griffin, 2010). This is so because both have advantages in that higher transaction costs are offset by higher revenues from products that consumers are willing to pay a premium price in differentiation strategy while higher production investments are offset by higher margins due to scale of economics in cost base strategy (Zahay & Griffin, 2010).

5.5.1.2 Marketing Capabilities

According to Barney (1991), the crucial importance of marketing capabilities for implementing marketing strategies is that they are rare among companies, valuable, intangible and tacit, and cannot be easily imitated or

substituted by competitors. Furthermore, the strategic importance of capabilities lies in their demonstrable contribution to sustainable competitive advantage and superior profitability (Day, 1994). However, in times of turbulence the challenge of developing new capabilities comes to the force (Barney, 1991). Thus, in these days dynamic global environment, the utilization of capabilities becomes challenging and necessity at the same time due to the applicability of those capabilities for adapting environmental changes by firms (Boynton & Victor, 1991).

Regarding marketing capabilities, the findings indicate that the case companies are not aware or recognizing their capabilities hence failed to capitalize on them in their attempt to be competitive in the market. In this regard, the key informant in case five explained that;

“ In our company, enhancing and using our capabilities is of less regarded issue. Top managements need the employees to be brilliant and skillful but spend little or no for doing that. Besides, we are not even aware of our distinctive capabilities and we usually failed lower than average in performance and creating long term customer relationships”

Like it is the case in marketing assets, it is true for marketing capabilities that the case companies paid little or no attention to it. The finding further indicates that the need for profit on the one hand and being ignorant for marketing assets and capabilities on the other hand are the two non reconciled objectives of the case firms.

However, Srivastava et al., (1999) suggest that marketing capabilities enable firms to execute their organizational processes effectively. Aulakh et al, (2000) further supports this idea stating that firms' competitive strategies are planned patterns of resources and capability deployment that support choices about how the firm will compete for target customers and achieve its desired goals. Besides, Hunt and Morgan (1995) propose that comparative advantage in tangible and intangible resources result in competitive advantage to the firm, which, in turn, contributes to higher firm value. This may imply that the marketing capabilities are usually addressed together with marketing assets as both constitute companies' strength to effectively serve their customers and create and maintain long term relationships with customers. And both (marketing assets and capabilities) should be treated as the companies' current investments for long term returns; not just simply as operational costs which should be minimized or eliminated like it is the case in the practices of the case companies.

The main theme in this discussion is that marketing assets and capabilities are the people's skills and knowledge, intangible resources, the company's tacit knowledge, processes and activities that enable the company to implement its marketing strategy and achieve its objectives which the case companies fail to make use of it. To elaborate it more, the case firms are not currently using their advantage of pure cotton product and other inimitable advantages which the country's geographic environment is endowed with.

In support of the significance of marketing assets and capabilities, literatures argue that the integration of marketing assets and capabilities is the challenge of modern managers in the globe because those resources which are made up by the combination of assets and capabilities are cultivated slowly which sometimes limit the ability of the firm to adapt to change. Hence, management's task in the dynamic market is to determine how best to improve and exploit these firm specific resources (Mahoney & Pandia, 1992). Such an argument leads to the claim that to the extent managements are optimally integrating these firms' specific resources, their businesses become competitive and relevant in the market. As a result, the findings provided strong evidence that the case companies failed to integrate their resources which results in weak marketing strategy execution and subsequent weak export performances (except for case company four).

As has been noted above, although investment on marketing assets and capabilities can undoubtedly increase companies' ability to internal strength and hence competitiveness, the case companies (except case four) failed to do so. Such low or none investment on those critical factors laid a fragile base for marketing strategy formulation and implementation. Hence, the inside out perspectives of the case companies are better referred to as non strategic and technically stubborn.

5.5.2 Marketing Strategy Formulation and Implementation

Marketing strategy was conceived in this research as the total sum of the integrating the process of segmenting, targeting, differentiating, and positioning strategies designed to create, communicate, and deliver an offer to a target market. And the ultimate purpose of integrating those activities is to deliver customer satisfaction for profit. However, for better in depth understanding, marketing strategy is viewed in two parts as marketing strategy formulation and marketing strategy implementation (Vincent, 2005). Again marketing strategy formulation is applied in this research as the process of creating, communicating, and delivering customer values (El-Ansary, 2006; Kotler & Armstrong, 2012). While marketing strategy implementation is conceived and used in this research as deploying the marketing mix to create, communicate, and deliver the value. The details of marketing strategy formulation and implementations are presented independently as follows.

5.5.2.1 Marketing Strategy Formulation

According to El-Ansary (2006), marketing strategy formulation is an interactive and iterative process involving a number of steps that must be performed in sequence: understand customer behavior; segment the market; select target segments; design the offer to fit target market needs; differentiate the offer; and position the image of the offer it in a customer's mind.

In effect, marketing strategy formulation implies the process of segmenting, targeting the market in which to operate, and positioning and differentiating the product in the customer's mind using effective branding strategy. Besides, marketing strategy formulation should be built around the three pillars of the market places such as; customers, company, and competitors (El-Ansary, 2006). Hence, the research findings are presented in detail in terms of those four activities which the three pillars are blended within.

5.5.2.1.1 Market Segmentation

According to Kotler and Armstrong (2012), market segmentation involves dividing a market into smaller segments of buyers with distinct needs, characteristics, or behaviors that might require separate marketing strategies or mixes. In this regard, the beginning of segmentation is a clear understanding of the market. Accordingly, there are different ways of segmenting a market depending on the type and distinctive needs of a market. Furthermore, Wilson and Gilligan (2005) argue that the majority of markets can be segmented in a variety of ways. Hence, for the marketing strategist, the process of identifying potentially the most effective way begins with an initial examination of the market, with a view of identifying whether 'natural segments' already exist. To this end, the research findings indicate that there is no clear set of segmentation criteria implemented by the case firms so far; except for case company four. The less emphasis given to marketing on the one hand and the traditional of assumption of 'what is produced can be sold' on the other hand result in poor conception and

formulation of market segmentation. This claim is evidenced by the key informant in case two as he explained;

“To be honest, we do not have any clear set of segmentation criteria and approach to the market. We simply assume that people can buy our product if they can get our products in the nearby. After all, the government is our major buyer so far”

In addition to this, it was also possible to understand from the cross case examination that the responses of the respondents can be summarized as absence of clear set of definition and application of market segmentation strategies. It is further supported by the key informant in case five;

“ the less emphasis given to market segmentation is the result of the poor level of emphasis given to marketing strategy in general in our company. We think that our customers are unidentified and the only thing that we know is that there are male and female customers with different age levels”.

That is to say companies are competing in undifferentiated market

The argument in this discussion is not to mean that to be successful it is essential that companies need to segment their markets for all types of products. Neither is it that effective segmentation ensures success. It is to argue that companies decision to or not to segment the market depends on the type of products and company's strength and strategy. In connection to this, there may be firms which become successful with undifferentiated market segmentation. Wilson and Gilligan (2005) strengthen this idea stating that a policy of undifferentiated or mass marketing emerges when the firm deliberately ignores any differences that exist within its markets and decides instead to focus upon a feature that appears to be common or

acceptable to a wide variety of buyers. Hence the idea is whether segmentation or undifferentiated marketing is chosen; it should be based on company specific reasons and rationale. However, to the international market, it is difficult for the case companies to sell what they produced based on common sense. It is because in textile products particularly identifying specific group of customers is the demand of the competition.

Chinese textile companies which have become dominant factor and shaping the world textile markets in recent years become successful mainly due to their ability to meet specific group of customers (MacDonald et al., 2013). Hence, the very nature of the industry needs (favors) market segmentation. Meeting the specific needs of customers requires unique approach and treatment of those customers which in the meantime requires effective segmentation. This may imply that failure of the case companies not to uniquely treat the specific needs of their customers in the international market will leave them incompetent and make them be stuck in the middle. Hence, segmentation is identified as one of the critical gaps of the case companies.

5.5.2.1.2 Market Targeting

Market targeting refers to a firm's market segment evaluation of the various segments and decide how many and which segments it can serve best. Furthermore, a firm's market targeting can be successful to the extent it has used the right segmentation criteria and approach. Regarding this, the findings indicate that the case firms failed to apply effective market targeting

criteria. According to the key informant in case three, his company hardly applies effective market targeting. To put it as it happened;

“As we failed to apply effective market segmentation, we failed to apply effective market targeting because segmentation is the pre-requisite of targeting. Even in the international markets, we simply export our products in markets which are identified by the Textile institute and the Ethiopian embassies.”

This indicates that clear set of targeting has not been applied by the case companies. The finding may further indicate that the companies are still in the production era of marketing where the assumption is to sell all what is produced. However, this philosophy is too old to hold true to today’s market even to other products let alone to textile where fashion is the driving force and aggregating different customers’ need is hardly possible (Zhang et al.,1999).

Thus, targeting is at the very heart of any marketing strategy formulation since it is hardly possible to meet the needs and wants of the market in the world by a single or two offers. Hence, the starting point for this involves examining each segment’s size and potential for growth. Obviously, the question of what is the ‘right size’ of a segment may vary greatly from one organization to another. With regard to the question of each segment’s structural attractiveness, the marketing strategist’s primary concern is profitability (Zhang et a., 1999).

To say it differently, it may be the case that a segment is both large and growing but that, because of the intensity of competition, the scope for profit may be low so that targeting one or few segments may be profitable which the case companies need to consider. Furthermore, contemporary literatures brought overwhelming empirical evidences that targeting one or few segments (niche marketing) has become profitable strategies these days for companies in developing countries which are unable to compete with the giants. In this regard, (Parrish, Cassil and Oxenham, 2006) claim that niching is the profitable marketing strategy for small firms in particular which do not have either the interest to serve broader markets or constrained by resources. Accordingly, the resource constraint coupled with lack of international marketing experiences characterize the case companies which justifies niching as the appropriate strategy for them at least in the short run.

In addition to profits, empirical evidences forward compelling reasons why firms should implement a niche marketing strategy. By focusing on the specific and well identified customer, the firm is better able to respond faster to demand changes. This can result in customer retention as smaller markets mean that there will be far fewer competitors, particularly large competitors (Parrish et al., 2006). In all of the arguments mentioned for niching, it seems pertinent and relevant for the Ethiopian textile companies to implement it as their marketing strategies for international market.

5.5.2.1.3 Market Differentiation and Positioning

A product's position is the place a product occupies in consumers' minds relative to competing products. In modern marketing, these days, the way consumers define a product makes more difference than the actual difference which exists between the actual products (Bonoma & Crittenda, 1988). Hence, positioning is generally considered as a fundamental marketing management decision (Kalafatis et al., 2000) so that it must be clearly defined and communicated through integrated communications as business marketers do not typically rely heavily on advertising and communication to reinforce their messages (Thorpe & Morgan, 2007).

Similarly, a product differentiation refers to the distinctive difference perceived by consumers about a given product relative to the competing products. Hence positioning and differentiation are two sides of a coin. Through positioning and differentiation, a company states to customers what the product means and how it differs from current and potential competing products. In this regard, Doyle (2002) argues that successful marketing strategies need to be based upon offering superior value to the targeted customers. Besides, superior value can be based on providing superior quality (such as performance, service, personnel, and image) or offering lower priced solutions (Doyle, 2002; Toften & Olsen, 2004). Furthermore, superior quality is achieved when a niche firm knows the requirements of customers in the niche better than its broadly based

competitors, and has the skills to tailor its resources to meeting precisely the unique needs of this group (Doyle, 2002).

Regarding this, the findings indicate that the efforts made by the case companies in the domestic market are encouraging. The companies have made interesting efforts to identify themselves from competing products. This is evidenced by the key informant in case one saying;

“ customers know well our products in the domestic market. When they think of bed sheets, for example, what comes to their mind is our product. Different government and nongovernment organizations place orders when they want textile products like uniform cloths, bed sheets and the like. Hence, our product has received better image when compared to the competing products in the local market”

This claim is also further substantiated by the cross case examination when respondents refer their own products in terms of some unique features like quality, neatness, and comfort.

According to the key informant in case five, it is true that the difference exist more in the customer’s mind than the real products’ differences because of production excellence and raw materials use.

Similarly, the key informant in case four stated that;

“ the difference is merely psychological than real. We all use cotton as raw material for the products and relatively similar technology. However, because some companies have longer experiences in the international market then they are perceived as better. And it is this enduring perception that we are trying to break”.

The way in which an organization or a brand is perceived by its target markets is determined by a number of factors including the product range, media used, performance, prices, distribution networks, promotion, customer profiles, word of mouth, and customers' experience (Wilson & Gilligan, 2005). From these factors, the positioning strategies implemented by the case companies are mostly word of mouth in the local market as the key informant in case five explained; *"people have good attitude about our product that it is of good quality and usually new customers consult the existing ones before they decide from which to buy."* This implies that the companies have still more options to use to position their products and integrating more options can make a better result as customers may prefer different means of getting information about the product they want to buy.

However, all of the case companies except case company four agree that they have made little efforts to position their products in the international markets. In connection to this, the cross case evidence examination indicates that the international customers know the textile companies by their generic name called Ethiopian companies not by the companies' specific identity.

Only the key informant in case four stated that some international companies know his company's products by the company's specific identity and his products are perceived good as he explained;

“Although we made not enough efforts to promote our products in the international markets, some customers identified our product as of good quality with reasonable price. But still the positioning and differentiation strategies need further improvements by the company individually in addition to the efforts made by the Ethiopian government”

Hence, the positioning strategies made by the case companies can be characterized as fair in the domestic markets but poor in the international markets. Thus, the textile companies need to focus on getting a fair share of the customers’ mind in the international markets if they want to be competitive. This implies that positioning should be a fundamental element of the marketing planning process, since any decision on positioning has direct and immediate implications for the whole of the marketing mix (Bonoma & Crittenden, 1988). In the same way, the marketing mix can be seen as the tactical details of the organization’s positioning strategy. Where, for example, the organization is pursuing a high-quality position, these needs to be reflected not just in the quality of the product that is to be sold, but in every element of the mix, including price, the pattern of distribution, the style of advertising and the after-sales service (Kalafatis et.al., 2000; Hooley et al., 1998).

Besides (Hill, 1988) argue that the impact that differentiation has on demand depends on three major contingencies; the ability of the firm to differentiate its product, the competitive nature of the product market environment, and the commitment of consumers to the products of rival firms. Hence, the marketing managers in the case firms are expected to know these bases of positioning and capitalize on the one which belongs to

their firms' context specific reality. But it can be generally assumed that the competitive nature of the textile market is given for granted as fashion shapes the entire competition these days. In like manner, consumers' commitment to compare competing products has become so strong that they even go to the extent of coproducing their future products. Thus, the ability of the case firms to differentiate their products remains the controllable but yet the challenging factor in the international markets.

5.5.2. 2. Marketing Strategy Implementation

Marketing strategy implementation processes is conceptualized in this study as the process of deploying the marketing mix to create, communicate, and deliver the value. In effect, it is the process of executing product development, pricing, placing, and promotion. In connection to this, the effective marketing strategy formulation is the pre-requisite for effective marketing strategy implementations as it is the tactical activities of achieving the formulated strategy (Vincent, 2005). Therefore, the findings regarding marketing strategy implementation are discussed in terms of the marketing mix in detail, in the following ways.

5.5.2.2.1 Product Strategy

Although a product refers to anything that can be offered to a market for attention, acquisition, use, or consumption that might satisfy a want or need, it is conceptualized as textile finished goods in this research. To start with, marketing mix begins with clear understanding and strategy of a product because products are a key element in the overall market offering

(Kotler & Armstrong, 2012). Furthermore, marketing-mix planning begins with building an offering that brings value to target customers. Hence, this offering becomes the basis on which the company builds profitable customer relationships (Kotler & Armstrong, 2012).

In this research, the product strategy was understood and examined in terms of bases for developing new product, product development strategies, new product development processes, branding, quality of products, employees' knowledge about products, and use of customers' feedback to improve the existing or to produce new products. Accordingly, the cross case examination of the findings indicate that the base for developing new product in the case firms is customers' order. The customers' order in this context refers to placement of customers requisition for new product by specifying the specific features of their required products.

For instance, the key informant in case five stated that;

"We usually develop new products when we get customers' order specifying the different features of the new product. Besides, we also develop new products when we win bids of usually government organizations. Hence the source of our new product development is customer's order"

A customer's order can be one of the sources of information for new product development but cannot be the only as it is the case in the selected companies. Besides order based new product development is a reactive strategy for which the current dynamic market may not lend itself. Hence, the cross case examination indicates over utilization of reactive product

development strategy and the case companies have stuck to it as if none other base exists. However, in the turbulent market, which characterizes the current textile market, need assessment is the appropriate strategy for product development.

Regarding the branding issue, most of the case companies brand their products claiming that their products' are better in the domestic market. However, clear branding strategy is absent in the international markets. The cross case examination and the findings from the textile development institute indicates that branding has become very challenging for Ethiopian textile companies in general and it may take even more time for branding Ethiopian textile products relative to the competing textile products in the international markets.

Regarding, the quality of the product, the case companies claim that their products are relatively judged to be of good quality by domestic customers but the products are perceived as just product by international customers. This was substantiated by the key informant in case three stating;

“Our products are perceived as good quality by the domestic customers. This is evidenced by almost no complain regarding quality and rare returns of products due to inferior quality. However, in the international markets where we usually sell our products in Europe, customers do not perceive our products as such. Even when compared to other countries' products such as India, Pakistan, and Turkey, customers do not prefer our products.”

Therefore, the findings indicate that the product quality issue has become very challenging in the international markets. The apparent perceived good quality in the domestic markets may be attributed to low level of competition and existence of only few variety products. And more importantly, the government is the major buyer in any case and such products are given to users on ration bases. Hence, the domestic customers' perceptions can be better understood from individual consumers side than from the government side.

Regarding customers' feedback for product improvement, a mixture of opinions was obtained. Some of the firms actually use the feedback to improve their products as per the customers' feedback. But others received customers' feedback mainly through returns and claim of allowances for wrong quality and yet have nothing to do with improvements as the improvements may call for new machinery for producing better product. In connection to this, one of the case companies is about to terminate its international market operation due to high level of returns even from that low level of export (only 5% the total production) to the international markets.

The other important issue in new product development is enhancing the skills and knowledge of employees about the product they sell. Regarding this, the findings indicate that the case companies believe that their employees are important for producing quality products and company

competitiveness but yet special attention has not been given to them as to how they can improve their knowledge and skills of serving their customers and producing new products (the detail was earlier presented in section 5.5.1). To this end, it was earlier presented that employees' knowledge and skills form companies capabilities with which companies compete and grow. This implies that the case companies fail to fulfill the new product development requirements implying failure to meet the international markets' quality requirements.

5.5.2. 2.2 Pricing Strategy

In the broader sense, price refers to the sum of the values that customers exchange for the benefits of having or using the product or service. In this sense, a price is more than the dollar value paid for the exchange processes; it also includes all other opportunity costs sacrificed for obtaining the product.

Hence, the pricing strategy involves more things than assigning a simple dollar value for the textile products in this research case. Accordingly, the pricing strategies was conceptualized and examined in this research in terms of bases for pricing, the factors affecting the pricing decision, and how the quality of the product and the government's intervention affects the pricing decision. As a result, the findings indicate that the case companies have used different pricing strategies for the domestic and international markets. The cross case examination of the findings indicate that the companies use costs of production as a primary factor to determine price for

the domestic market. Hence, the cost of production is determined first and a certain mark up is added as the key informant in case five indicated;

“ for the domestic markets, costs of production are the major determinants of product price. For example cotton is the major raw material for most of Ethiopian textile products and the cost of cotton directly influences our pricing strategies. In addition to this, the cost of chemicals needed for the finished textile products are also important factors which in turn are determined by the government’s foreign currency reserves and exchange rates.”

Regarding the pricing strategies for the international markets, going price and customers’ willingness to pay are the major factors which companies consider to price their products. Accordingly, the case companies unanimously agree that their export pricing is neither profitable nor controllable at the same time. This finding is similar to (Parrish et al., 2006) who explained that China’s ability to produce quality products efficiently at lower comparative costs is threatening the textile and apparel industries hence those companies from developing countries are unable to compete only based on price. Furthermore, one of the surprising findings in this research is that export textile products are sometimes priced lower than the product’s price in the domestic market.

This claim was strongly supported by even the key informant in case four (most successful company) and he explained that;

“ to be honest, exporting our products is not profitable as we expected. Even sometimes the products may be priced lower than their prices in the domestic market. Since our companies are encouraged and supported by the

government to export, we tolerate the price which is lower than expected. This is so because the Chinese and Pakistanis' textile producers present similar products for lower price and hence customers prefer those products than ours, if we stick to profit alone and never adjust our prices as the situation dictates."

The issue has become strange under normal circumstances. However, since textile has been identified by the government as one of the promising sectors for export, the government has exerted tremendous efforts to support those companies by allowing those exporting companies to import chemicals duty free, searching for profitable markets, signing agreements with countries such as the USA through AGOA and other bilateral and multilateral agreements. Hence, the issue of profitability and sustainability in the international markets needs further study as companies may stop exporting if the support of the government stops suddenly.

Theoretically, customers may pay for higher prices for a competing product if they perceive that the difference in the prices is offset by the quality of the product and the difference is communicated well to them. Furthermore, customers' perceptions of the product's value set the ceiling for prices. This means, if customers perceive that the product's price is greater than its value, they will buy few or none of the products. On the other hand, production costs set the floor for prices. Thus, in setting its price between these two extremes, a company must consider several internal and external factors, including competitors' strategies and prices, the overall marketing strategy and mix, and the nature of the market and demand (Kotler & Armstrong, 2012). Thus, the case companies need to consider a number of

factors in addition to their current bases when they set their prices for both local and international markets. With this intention, the pricing strategy is directly influenced by the branding strategy which may call for an integrated branding campaign by the case companies and the government.

5.5.2.2.3 Distribution Strategy

Distribution is the other important marketing mix which bridges the gap between place of production and place of consumption or use. The distribution function is also referred to as marketing channels to include a set of interdependent organizations that help make a product or service available for use or consumption by the consumer or business user. Regarding the distribution strategy, respondents were asked to explain the type of distribution channel they use for the domestic and international markets, their perception and practices of the distribution function, the challenges they faced and possible recommendations to withstand their perceived challenges. Accordingly, the distribution strategies of the case companies are different for domestic and international markets. For the international markets, the case companies (except for case company four which uses its partnership outlets) use direct exporting. Such direct exporting is characterized as the early stage of international marketing practice and hence the case companies may be considered in that stage.

The exporting strategy is preferred to any other international market entry strategies when the focus of the company is domestic market and exporting is practiced to discharge the excess supply. Similarly, when a company is

dependent on export, its opportunities to understand the complexity and dynamics of the international market will be limited.

However, the primary objective of the case companies is to export, as the country is desperately in need of export and textile is the way out. However, simple export alone is not the preferred mode of entry to the case companies simply because they are expected to produce exclusive products for international markets. And, this is the very reason why the government paid a particular attention to the sector and implement different incentive packages for exporting companies alone.

For the domestic market, differences in distribution strategies have been observed. For-example, one of the case companies (as it was explained in the within analysis) uses sole distributor for its domestic markets. This sole distributor has different outlets in different parts of the country and hence distribution becomes easier and efficient for it.

Two other companies use their own distribution outlets in major market centers of the country for the domestic market which may call for strong internal strength to manage the channels. And still other distribution strategies have been applied by the remaining companies of using major wholesalers to distribute their products using the wholesalers' strategies as the key informant in case two explained;

“ we sell our products directly to wholesalers who can meet our minimum sales volume. And our partnership is open to any legal wholesaler which is

interested in our product. Usually government institutions buy from us in bulk and we can also provide transportation service as well when needed.”

The application of different variety of distribution strategies for the domestic market is expected because it is relatively simple and less expensive to manage. However, which strategy is most preferable and in what ways is the strategic concern the companies need to consider. If the distribution strategy requires huge investment which the companies are not willing to pay for and becomes the major reason for not having effective channel, then outsourcing the channel function is still viable alternative. This is particularly true for international distribution strategy.

In this regard, comparative analysis of the above three distribution strategies indicates that using exclusive distributor seems the most preferred distribution strategy for local markets for two major reasons. Firstly, the sole distributor is specialized in distribution function and has many outlets in different parts of the country hence more outlets can result in more sales.

Secondly, the textile company which uses exclusive distributor can concentrate its resources in core activities of product quality improvement and employee leverages as the distribution hassle can be handled by another but better company. However, getting a sole distributor may be difficult and expensive. Similarly, for international markets, forming partnership (as it is true for case company four) is the viable and appropriate distribution strategy for the textile companies. This is so because opening own distribution outlets may be too costly for the case

companies to run on the one hand and foreign distributors are better efficient and experienced in their own countries distribution system on the other hand.

5.5.2.2.4 Promotion Strategy

A company's total promotion mix consists of the specific blend of advertising, public relations, personal selling, sales promotion, and direct-marketing tools that the company uses to persuasively communicate customer value and build customer relationships (Kotler & Armstrong, 2012).

Similarly, the promotion strategy is used to implement the differentiation and positioning strategies. Hence, failure in promotion may mean failure in both. Like it was the case for the distribution strategies, the findings indicate that the promotion strategies of the textile companies are different for domestic and international markets.

In the international markets, the case companies hardly use a mix of promotional tools and their promotional activities are usually through the government. The government of Ethiopia promotes the products through its embassies found in different countries and the textile development institute, the ministry of trade, and the chamber of commerce help the companies to attend trade fairs and exhibitions which may be held mainly in Europe, America, and some Asian countries and their by attempt to promote their products.

In the domestic markets, the companies have used a mixture of advertisements and public relations. The case companies use television advertisements mainly to create awareness in the local markets through usually explaining the type of product they produce and where their products are found by portraying their different locations. Besides, the use of fliers and sponsorship are other means of promotions applied by the case companies as the key informant in case five explained;

“we usually use television advertisement when new products are developed and commercialized and when new distribution center is opened or new distributor partner is formed mainly to tell our location. Furthermore, our main source of promotion is sponsorship of different public celebrations.”

By and large, the promotion efforts exerted and the attention given to it is not that much attractive and to the required level. But in the textile sector, promotion is a very significant part of marketing strategy as the difference in quality and design is communicated with promotion (Ruzo, et al., 2011).

Besides, the differentiation and positioning strategies in marketing strategy formulation is only possible through promotion as what is known and preferred is what was communicated and persuaded. Hence, this key element of competition is found to be weak in the case companies which in turn may be attributed to low brand image particularly in the international market.

5.5.3 Company Performance

In today's knowledge economy, there are much concern associated in finding the best way to measure and report many types of activities that could improve the performance of an organization (Choong, 2013 and Franco-Santos et al, 2012). In this regard, many strategic literatures attempted to define what good performance measurements are because the performance measures, metrics and indicators give life to the stated organization strategy by providing specific measurable expectations that guide each employee in fulfilling their roles that contributes to the success of the company (Choong, 2013). This implies that appropriate performance measurements are essential for reasons that what is measured can be well managed.

As a result, applying the appropriate performance measurements has become a significant exercise for modern managers to effectively formulate and implement their strategies. Therefore, as part of the overall organization strategies, marketing strategy needs to be measured and managed to realize the organization's goal of becoming competitive. In this regard, it is claimed that a marketing strategy has significant positive effect on companies' performances (Ahmad, 2007 and Gummesson, 2004) because the investment made on marketing strategies is aimed to enhance companies' performances. Hence, a marketing strategy should be evaluated in terms of its contribution to performances of the companies. It follows that if it is perceived as having a better contribution it is highly likely that more emphasis will be given to it. Accordingly, the companies' performances were

examined in this research mainly in non financial performances such as market share and customer dimensions. The following points indicate the perceived financial and non financial performances of the case companies.

5.5.3.1 Companies Perceived Financial Performance

The financial performance measure is one of the traditional measures of performances of a firm because it is the outcome of a business programs in relation to the resources employed in implementing them (Ahmad, 2007). Furthermore, these measures are common indicators of marketing effectiveness and firm performances (Zahay & Griffin, 2010). In this regard, the findings indicate that the case companies' perceived financial performances are good in the local market but poor in the international markets.

In the local markets, there are few competitors in the textile sector and the firms sell their products with relatively good profit as the following representative statement from the key informant in case five indicates;

“ in the local market, so far as there are enough distributors, we sell our products at a fair price. The local buyers are becoming brand conscious in a sense that local products are made of pure cotton while imported textile products are mainly silk and linen. Therefore, they buy enough of our products.”

Furthermore, the local buyers have started patriotism in buying local products as it was explained by the key informant in case one ‘ *the buy local products campaign by some sponsors are increasingly creating awareness in*

the local markets so that the youth are using homemade textile products these days.'

The cross case examination of the findings confirmed that companies are relatively profitable in the domestic markets as they can sell most of their products available for local markets usually to the government. However, the case is different in the international markets. In the introduction part, it was presented that the textile sector is labeled by the government as promising and attracted the government's attention since the past few years.

Hence, the sector is believed to contribute for getting foreign currency, which is the pressing problem of the country. To that end, the government strongly encourages the companies to export their products through availing attractive incentives such as searching for international markets, negotiating for duty free export, allowing for duty free imports of raw materials and chemicals which are necessary for the textile sector. However, companies complain that exporting is not profitable despite all these incentives. This was evidenced by the key informant in case three as he claimed;

" to be honest, we are unable to compete in the international markets. We usually sell even below than the local price. Other countries are able to present similar products for lower prices. Hence, the international buyers are unwilling to buy much from Ethiopian companies since they can get similar products for lower prices."

This was further substantiated by the six years textile export report where the data were obtained from the , 2012 report.

Fiscal year	2005	2006	2007	2008	2009	2010	2011
Export (USD)	6,759,000	11,103,000	12,622,00	14,526,000	14,434,000	23,200,000	62,224,000

Table 10: Textile companies export performance Source: ETIDI, 2012 report

In addition to the above figures, the unpublished source of information from ETIDI indicates that the 2013/14 export of textile and apparel products was about one hundred million US dollars. In both cases, still the export amount is far below than the government's expectation of half a billion USD sales by the end of 2014/15 (ETIDI, 2012) and even it is highly unlikely to be achieved in the planned year.

From the cross case examination, it was possible to understand that such low exports sales volume is attributed to companies' inability to be competent in the international market mainly due to the products' low brand image. Such low level of competency halted some companies to export and others to consider existing from exporting as it is evidenced by recently one of the formerly exporting companies has almost stopped exporting at all (evidence from key informant five). Others are still dependent on the government's incentives and may be unable to continue their international operation if the government's incentives stop. Besides, the companies'

inability to conduct market research to identify the needs of the market still remains their marketing challenge to date.

Furthermore, the findings were triangulated from the ETIDI key informant and confirmed that the textile companies operate on 'technically loss state' in the international markets. And the key informant explained that through enhancing their strengths with extensive support and intervention of the government, the companies will independently operate and become competitive in the long run. Accordingly, the competitiveness problem in the international market is the major problem which the case companies are currently experiencing. And among other things, the right marketing strategy should be in place to enhance the companies' brand image and thereby their competitiveness in the market in general and in the international market in particular.

5.5.3.2 Companies Non Financial Performance

The non-financial performance measures provide a means of transforming a firm's strategy and vision into a tool that motivates performance and communicates strategic intent (Said et al., 2003). Such transformation of company's strategy into strategic intent enables companies to see their performances from broader perspective which can also enhance their sustainability and competitiveness. Furthermore, firms tracking key success factors through non-financial performance measures have superior financial results (Fisher, 1992). Accordingly, firms that fail to measure those areas

that are most critical to its success are less likely to achieve their strategic objectives (Sim and Killough, 1998).

In general, the non financial performances measurements include market share, ability to attract new customers and retaining the existing ones, and the companies' innovation and ability to introduce new products as per the need of the market (Ramani & Kumar, 2008). Therefore, it is in this context that the non financial performances of the case companies were conceptualized and examined using the in depth interview with the case companies' key informants and the key informant from ETIDI. Consequently, the findings from the cross case examination indicates that the case companies performed low in the non financial performances, as it was the case in financial performances in international markets.

The companies' market share in the domestic markets is increasing with the increased number of population and increased in awareness of the buy local campaign. This was further substantiated by the key informant from case two stating 'the local market is still attractive and expanding although there are foreign products threats'. Furthermore, companies have huge public demand such as the military, different public organizations, the political parties, and even religious institutions. These organizations buy in large quantity and become attractive local markets for the textile companies. Hence, it can be generally understood that the local market is relatively stable and attractive for the companies with relatively good customer base and market share. However, it should also be borne in mind that still about

70% of the domestic textile market is dominated by imported textile products (ETIDI, 2012) and the imported textile products threat may even increase in the future as the local market will be more open if the country's membership application for world trade organization gets acceptance.

On the other hand, the case is different in the international markets. The findings indicate that the case companies have fewer customers with non loyalty status as it was evidenced by the key informant in case three explaining ' the international markets so far are hard to break and difficult to compete. Even there are considerable sales returns in some cases even from our minimum volume of exports'. It was further strengthened by the key informant in case five stating that;

“ there must be a paradigm shift in our production and marketing strategies in order for us to be competitive in the international markets. Even we are unable to make use of the opportunities created through AGOA whereby our products are allowed in the US market to enter duty free.”

Hence, from the cross case examination, it can be understood that the companies non financial performances in the international markets are worrisome and heavily dependent on the Ethiopian government's huge efforts and unreserved support. In addition to this, the companies' marketing strategies are very much traditional and ill developed and their international entry strategy is only through exporting, which in theory is practiced by new firms and only in the introduction stage. Accordingly, there must be a shift from current practices in their international marketing

strategies in order for the textile companies to be competitive and relevant, as the government intended.

Regarding the companies' innovation and new product introduction, it was found that they are lagging behind the demand of the day. This was evidenced from the findings that almost all of the case companies base customers order for producing new product. As it was presented earlier, order base new product production is a reactive strategy which may not qualify for the current dynamic market. Besides, the customers' feedback and engagement in new product development is almost absent as it was explained by the key informant in case three 'we do not have active interface to get customer's feedback even in the local market'. The feedbacks are important ways of getting information from customers about how they see and experience a product through their satisfaction or dissatisfaction statements.

And these days, it is said to be the era of prosumers not consumers as no longer are businesses completely in control of their products, brands and messages but consumers are in control (Tapscott & Williams, 2006). In this context, prosumers are the influencers that business leaders and marketers must not just identify but also acknowledge, respect and develop relationships with in order for their products and brands to thrive (Tapscott & Williams, 2006). Hence, a firm's non financial performance measures should include this type of consumers' engagement for reasons that such

processes increase relationship with customers on the one hand and enable a company to better understand and satisfy customers' needs on the other hand. When measured against these non financial measures, the case companies are far from being competent and need a paradigm shift in defining competitiveness and in formulating and implementing their marketing strategies.

5. 6 The Links Among the Research Constructs

The general objective of the research was to examine how the case firms formulate and implement their marketing strategies. And the resources based view was applied to understand firms' strategies as a determinant factor of their competitiveness. The RBV helped the researcher to understand the marketing strategies of companies from their inside out perspectives and empirical supports were obtained in support of it in that indeed resources are determinants of firms' competitiveness in both local and global markets. Besides, both within and cross-case analyses were employed to better understand the practical cases in context and to make the arguments of the findings more robust. In this regard, the within case analysis helped the researcher to identify the specific factors which affect the success of companies' marketing strategies. Moreover, the cross-case analysis helped to identify and understand the overall case companies marketing strategies, their performances, and their cumulative competitiveness in the global markets. And the cross case analysis enabled to examine how well the 'promising sector' is performing as compared to what is expected. In this regard, the findings indicate that the case

companies' marketing strategy formulation is very unsystematic and it is crippled by resources shortage. Of the nine cases considered in this research, only one company (case four) has the practice of market research and employee leverage. Similarly, the practice of the companies to innovate their products and thereby to keep track of developments in the global market is almost none. Hence, there are sufficient evidences from the cross case examination that enables to conclude that the level of emphasis given to marketing strategy at a corporate level in the case companies is minimal. Having this in mind, the links between the constructs in this research are presented below to give a broader picture of marketing strategy and to argue how missing the one can have a significant effect on the other constructs.

5.6.1 The link between marketing enabling environment and marketing strategy

The resources and capabilities of a firm are the central considerations in formulating its strategy: they are the primary constants upon which a firm can establish its identity and frame its strategy, and are the primary sources of the firm's profitability (Grant, 1991). In this regard, the findings indicate that investments on marketing assets such as investing in technology, employees' operational and marketing excellences are the differentiating factors of successful companies from unsuccessful ones. Such success was examined in the research in terms of the firms' performance in the export market. For example case four invested on marketing and operational excellence to the extent of hiring competent employees from the international labor markets. Such oversea recruitment while has a financial

challenge for less experienced firms, like the case companies, it has also tremendous benefits as the labor comes with better international marketing and competitiveness knowledge and skill. Hence, investment on marketing assets and capabilities pays in full, as the evidence from the case four indicates.

Such investment of appropriate marketing resources enhance the effective formulation of marketing strategy due to the sound understanding of the market and then changing environmental opportunity into organizational opportunities. Besides, the marketing resources are deployed to effectively execute the soundly formulated marketing strategy so that the strategies will help companies to realize their business objectives. Similarly, effective marketing strategy implementation requires the ability to acquire, combine, and deploy needed resources (Olson et al. 2005). This capability therefore encompasses processes such as those acquiring and allocating required resources from inside and outside the organization (Bonoma & Crittenden, 1988), and monitoring internal and marketplace progress (Srivastava, et al. 1999) to enable intended marketing strategies to be quickly translated into consistent goal directed action outcomes.

Thus from theoretical perspective, the resources and capabilities are linearly linked to marketing strategy as they shape, enhance, and determine the extent to which the formulated strategy will be put into implementations (Morgan, Katsikeas, and Vorhies, 2012). And from the practice, it was found out from the finding that more resource commitment implies better market performance. Again, the findings of this study show that marketing

resources and capabilities are linearly linked to market performances (as the compared and contrasted findings from the cross case examination table between most successful and unsuccessful firms indicate).

Thus, there is both theoretical and empirical support that the link between marketing enabling environment and marketing strategy is direct and linear. This implies that such link gives strong support for the argument of the RBV which claims that firm's own resources deployment is the determinant factor of its effective strategy execution which ultimately leads to its competitiveness and profitability (Grant, 1991).

5.6.2 The link between marketing strategy and company performances

Recent advances in the marketing– finance interface have begun to provide more empirical evidence of the impact of specific marketing activities and different types of marketing-related assets on firms' accounting and financial market performance (Morgan et al, 2012). Hence, the need to link marketing strategy with business performance has become the demand of these days global environment (Morgan et al, 2012).

As a result, over the past two decades, researchers have considerably enhanced conceptual understanding of the role of marketing in enabling firms to create and sustain competitive advantage. In this regard, this study provides support to this argument that companies with better marketing strategy are also better in export performances (evidence from comparisons of individual cases). Furthermore, from the within case analysis, it is

possible to understand that the better performing firm (case four) has better marketing strategy.

In connection to this, supporting view has emerged in literature arguing that marketing strategy should focus on building value to a firm by measuring and managing marketing performance measures such as customer satisfaction or service quality so that economic value may be improved (Rust, Lemon, and Zeithaml, 2004). Besides, from the cross-case examination it was found out that better marketing strategy implies better market performance, especially in the export market. However, organizations are distinguished not only by well conceived marketing strategies outlining where, when, and how the firm will compete but also by their ability to execute their formulated marketing strategy (Thorpe & Morgan, 2007).

Thus, both empirical (from the cases) and theoretical (Thorpe & Morgan, 2007) support exists that the link between marketing strategy and company performance is positive and linear.

5.6.3 The link between marketing enabling environment and firms' marketing performance

From the above two discussions, it can be understood that a firm's performance is a function of the correspondence between its current strategy and its resource endowment (both tangible and intangible) and that this relationship varies by performance objective (Thorpe & Morgan, 2007).

Additionally, this study provides insight that marketing resource commitment is the prerequisite for effective marketing strategy hinting also that it is more likely to be the descriptor of the marketing performance of a firm in the long run.

Hence, better marketing resources deployment paves the way to better marketing strategy which in turn increases the likelihood of success in the market. Furthermore, the resources and capabilities are important in explaining inter-firm performance variations, and they also interact with one another in determining firm performance outcomes (Thorpe & Morgan, 2007).

Generally, although the foregoing discussions of the links between resources, capabilities, and profitability have been strongly theoretical in nature, the implications for strategy formulation are straightforward (Grant, 1991). In connections to this, the cross-case findings show similar results indicating that the firms' level of marketing resources commitment is linearly linked to their marketing strategies which in turn are linked to export performances (the evidence from case company four). Therefore, it can be understood that the link between enabling environment and marketing strategy is direct while its link with performance is unclear based on the qualitative data analyzed. However, the link between marketing strategy and firms' marketing performances is linear and positive. Hence, it can be understood from this transitively that there exists at least a link

between firms' enabling environment and their marketing performances, similar conclusion with the overwhelming argument of Grant (1991).

5.7 Revisiting the Conceptual Framework

As presented above, the RBV explains that the firm's inside out perspective is the ultimate source of its competitive advantage in the market. This is so because firms are exposed to similar macro environment and being affected by it similarly. The policy framework, for-example, gives equal opportunity for firms in the textile sector through different incentive packages indicating that all exporting textile firms are eligible to get that benefit. Other macro environmental factors have similar opportunities and threats to the firms. However, it was found significant difference among firms in their export performance (critical performance measures for the Ethiopian textile companies as all of them need and are encouraged to export). This can be elaborated by considering two cases in the research. While case four exports more than 85% of its total production, it has also eight months forward sales of its future production in 2014 fiscal year more than what it can sell its current production. On the other extreme, case company two exports only about 5% of its total production but yet unable to sell all of its export products. In connection to this, it should be borne in mind that the domestic market is not the preferred market for this company, but its inability to compete in the international market forced it to be confined in this market. Thus, it is true that the companies' competitiveness is better explained by their internal strengths which strongly justify the proposition of RBV.

The RBV further claims that capabilities should be there for resources to be converted into outputs by means of strategy formulation and implementation of operations. And resources are found to be the significant descriptor of marketing strategy. Hence, marketing strategy formulation in this context needs to base from effective deployment of marketing assets and capabilities. Such deployment enables a firm to effectively formulate its marketing strategy by considering the different contextual and environmental factors. It follows that the soundly formulated strategy should be implemented which in turn needs marketing managers' marketing engagement in combining and deploying the resources in the execution of the marketing strategies. And as what gets measured gets attention, a marketing strategy of a firm should be linked to its performance.

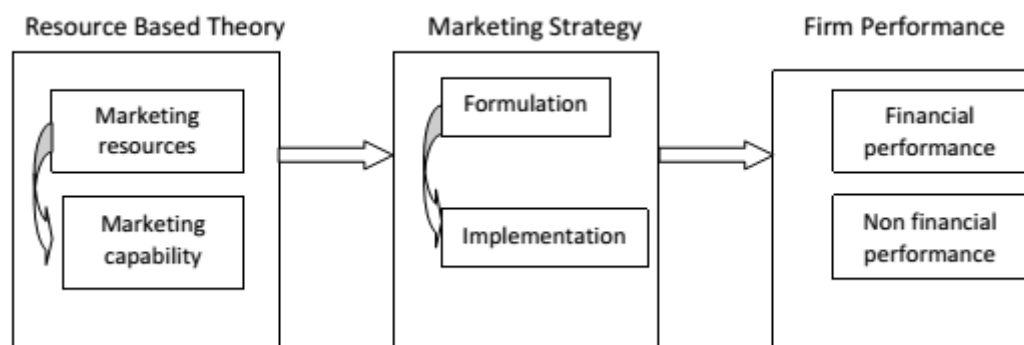


Figure 16: Revisiting the conceptual framework

As depicted above, the marketing assets and capabilities constitute the marketing enabling environment for effective marketing strategy. Then the link between the enabling environment and marketing strategy is linear as connected by the direct arrows, implying enabling environment is the

precondition for effective marketing strategy. Again, the marketing strategy should be decomposed into formulation and implementation logical processes where the arrow inside the second box indicates the logical processes that formulation is the necessary precondition to effective implementation. Then the arrow connecting marketing strategy and firm performance boxes indicates the linear link between the two. In this case, firm performance is examined in terms of company's relative market share, customer satisfaction, and proportion of volume export from their total production of the company. Accordingly, effective marketing strategy mediates the marketing enabling environment and the firm performance.

Hence, marketing strategy should be well linked to firm's performance so that each dollar of investment in marketing strategy is considered as worth investment. This implies that the conceptual framework proposed in the methodology part of this research is well confirmed by the findings, as shown above.

In sum, this research extends earlier work of El-Ansary (2006) 'marketing strategy taxonomy' by adding resources into picture and advances other propositions in the existent literatures which have attempted to relate marketing strategy and resources based view by recasting their implications to firms' performances.

Chapter 6: Conclusions and Implications/ Recommendations of the Research

6.1 Conclusion

The general objective of the research was to examine how the Ethiopian textile firms formulate and implement their marketing strategies. And the resource based view which is considered as a determinant factor of their competitiveness was applied to understand firms' strategies. In connection to this, the fact that firms operate differently under similar external environment justifies resource based view implying a firm's performance is the result of its internal strength (Barney, 1991; Miller, 1986; and Zahay & Griffin, 2010). Hence the justification of understanding marketing strategies from the inside out approach emanates from this rational. As a result, the resource based view was examined in this study in terms of the enabling environment which specifically consists of marketing assets and capabilities.

Marketing strategy was also examined in terms of formulation and implementation practices of the case firms. It is also argued in this study that marketing strategy should be linked to firm performance as what gets measured gets attention.

Accordingly, the data were collected and analyzed to effectively address the specific research objectives stated in chapter one. For this reason, the conclusions are made in accordance with those specific research objectives and thereby confirm that no specific research objectives remained

unattained. Hence, each of the following conclusions is drawn for each of the specific research objectives raised.

The first research objective aimed to assess the level of emphasis given to marketing strategy in the case companies. Both the within and cross case analyses indicate that the level of emphasis given to marketing strategy in the case companies is very low. Such low emphasis was explained in terms of almost no resource commitment to market research, innovation, and marketing capabilities. Such low commitment was also reflected on companies marketing plan in that the firms' marketing plans seem sales plans implying little expertise even in the preparation of the document. Hence, the level of emphasis given to marketing is concluded to be low and insignificant.

The second specific research objective was to examine how the firms formulate their marketing strategies. The marketing strategy formulation was examined in terms of market segmentation, targeting, positioning, and differentiation.

Regarding market segmentation, the companies have applied no clear segmentation criteria particularly to the international markets. The simple logic applied in the segmentation seems the simplified demographical variables such as sex and age. Thus, companies have not applied a specific segmentation criterion which fits the specific market indicating oversimplification of the dynamic and unique needs of each market and treating it inappropriately (traditionally).

Literatures strongly argue that the specific market needs can be understood through targeting on few segments and serve them better than competitors do. However, the case companies failed to target specific segments because of their failure in proper segmentation. Hence, their approach is better referred to as undifferentiated marketing without economies of scale.

In this case niche marketing seems the feasible competitive strategy for the companies in export market. In niche strategies, companies can start with one or few segments and expand the target markets after properly serving the given market and develop good understanding about the market to serve more segments. Literatures present many success stories about the profitability of niche strategies for small companies and for companies in the developing countries while operating in the developed countries (Parrish et al., 2006).

Like the case in segmentation and targeting, the firms' differentiation strategy is poor especially in the international markets. Companies have not yet performed their best to communicate the uniqueness of their products relative to their competitors, except for the attempts made by case company four. The Ethiopian textile products are mainly made of cotton and the issue of cultural uniqueness and design can be good sources of differentiation which the companies have not yet used properly. Hence, there remains huge task for the companies, the government, and other stakeholders to differentiate Ethiopian textile products from the rest of the groups so that buyers can pay for the differences.

The issue of positioning goes with differentiation. One of the reasons why differentiation was so poor for the textile products in the international markets is that the brands have not been communicated to international consumers. Further, these days marketing is thought to be a battle of perception. Hence, without effective positioning, the companies cannot penetrate the deadlock of the international markets despite the country's eagerness to do so and the zeal for getting foreign currency and the aim to narrow the trade balance through export. Similarly, the product variety can still be the other source of positioning strategy through which the companies can develop their competitive advantages. Hence, the companies formulate their marketing strategies randomly that they are unable to effectively create, communicate, and deliver customer values.

In the third objective, this study aimed to examine how the firms implement their marketing strategies. In connection to this, marketing strategy implementation was examined in terms of the marketing mix (the 4P's).

In terms of product strategy, the companies base customer's order for new product development. The customer's order base new product production is reactive which the current marketing environment may not support since there is dynamism that the market tastes and preferences will not wait for the reactions of the companies. Besides, the issue of branding has still been a challenge for the companies in the international market.

In terms of pricing, it was understood that the companies have different pricing strategies for local and international markets. This makes sense that

the international markets need some extra costs which will be counted to price. However, the companies experienced that their profitable prices (if the price considers all forms costs of a product and some profit) are relatively higher than the competitors' prices which mainly come from China, India, and Pakistan. Hence, the companies need to adjust their prices relative to competitors in the international market to compete with price, regardless of their total costs. This may imply that sometimes they sell even for less prices than the price for similar products in the local markets. Still, pricing strategies have a lot to do with branding and positioning because if you touch one, you touch them both.

The distribution outlets are still poor both in the local and international markets. The companies mainly distribute their products either through wholesalers or through the sole distributors in the domestic market. More importantly, better channel management including strategic partnership with channels with host countries should be established in the international markets for the companies to effectively reach the international customers. In the case companies' context, dealing with strategic partnership should not be thought as 'impossible' because case four in the study has made it so.

The companies' promotional efforts are not still up to the required level even in the local markets let alone in the international markets. Intermittent advertisements and little sponsorship are the only promotional techniques applied by the case companies for local markets. And trade fairs and

exhibitions are the only promotional tools applied in the international markets. In addition to these, the Ethiopian embassies abroad usually promote the textile products on their ways to promote the investment opportunities of the country. However, the embassies alone can't effectively promote the products because of their limited efforts. Hence, companies need to invest in promotion as promotion makes positioning and differentiation possible and the quest for competitiveness can't be achieved without being known, as the old saying 'to be is to be perceived' holds true in these days marketing. Thus, as it was true for marketing strategy formulation, the firms' marketing strategy implementation of the case companies is generally judged to be weak.

The fourth research objective was aimed to appraise the link between firms' marketing enabling environment and their marketing strategies. In this case a more theoretical review was made and compared against the findings of this research.

Marketing resources shape and enhance effective marketing strategy formulation and determine the extent to which the formulated strategy will be put into implementations (Morgan et al., 2012). This may imply that a marketing resource is both the prerequisite and enabler of effective marketing strategy. Besides, in the cross case examination it is understood that the firm which invested more in marketing asset and capability formulated and implemented better marketing strategy in the international market. Thus, there is both theoretical and empirical support that the link

between marketing enabling environment and marketing strategy is direct and linear. However, the case firms failed to do so.

The fifth specific research objective was aimed to assess how firms marketing strategies influence (are linked with) their competitiveness. In this case, competitiveness was examined in terms of export performance and some non financial measures such as perceived market share, customers' response, and ability to market innovative products. Such measurements have significant meanings for future growth and sustainability of a company (Kaplan & Norton, 1992). Accordingly, the performances of the companies are judged to be fair in the local markets but poor in the international markets. The customers' base even in the local markets is not sustainable since the major buyer of their products is the government and it is unsure whether the companies continue in this state if the government stops buying from them.

However, literature argue that marketing strategy should focus on building value to a firm by measuring and managing marketing performance measures such as customer satisfaction or service quality so that economic value may be improved (Rust et al., 2004). And it was evident that poorly formulated marketing strategy will result in poor market performances and the vice versa (evidence from the comparisons of successful and unsuccessful firms in the cross case analysis). Thus, both empirical (from the cases) and theoretical support exists that the link between marketing strategy and company performance is positive and linear.

The sixth specific research objective was aimed to scrutinize the extent to which a firm's enabling environment is linked to its marketing performances. In the attempt to address specific research objective four, it was found that the link between marketing enabling environment and marketing strategy is linear and direct. And in the attempt to address specific research objective five, it was found that the link between marketing strategy and a firm's performance is linear and positive too. However, the link between marketing enabling environment and performance is implied than direct in both discussions. Hence, it can be understood from this transitively that there exists a positive link between firms' resources and their marketing performances although it is mediated by marketing strategy.

6.2 Implications of the Research Findings

The implications of the findings can be seen from two perspectives. Firstly, implications for theory are presented based on both theoretical and empirical conceptualization of marketing strategies formulation and implementation. Secondly, the findings' implications to management practices are forwarded as they make particular senses of contexts to marketing strategies of Ethiopian textile firms. In this context, the word 'implication' is preferred to 'recommendation' as implication lends itself more to action and makes more sense of context than recommendation because of specificity and objectivity of implication. Otherwise, what should have been put in recommendations are technically included in implications.

6.2.1 Implications for Theory

The study was conducted based on the resource based view assumption that the firms' own resources and capabilities are the major determinant factors to their competitiveness in the market. Accordingly, the following major theoretical implications emerged from this particular study.

Marketing strategies should be viewed in terms of integrated formulation and implementations (El-Ansary, 2006) which in turn requires the managers' focus and appropriate emphasis at a corporate level. Such integration also implies that the constructs of marketing strategies formulations have corresponding implications for the implementation constructs. However, the marketing literatures indicate that little is known between the links (El-Ansary, 2006). Accordingly, this study clearly examined how each marketing strategy formulation process (creating, delivering, and communicating value) is linked to marketing strategy implementation (marketing mix).

While marketing strategies are recognized as being vital to organizations, there are few literatures which tried to address how these strategies are actually developed (Ruzo et al., 2011). In this regard, the existent literatures' missing link between marketing strategy and firm performance make managers less considerate to marketing strategies in general. Hence, this research indicates the strong link between marketing strategies and companies marketing performances especially in the export marketing.

Thus, for appropriate marketing strategy execution, a firm has to link its marketing strategy with its performances in order to examine the contribution of each unit of investment in marketing strategy to the company's competitiveness.

Although both financial and non financial measures are possible performance measures to companies, the later better measures (indicates) sustainability. As a broader customer base and long term relationships is the objectives of modern companies, performance measurements using the non financial measurements such as customer base, relative market share, and the companies prospect to grow in the future are better measurements.

In summary, the above key theoretical implications not only serve to substantiate findings uncovered by the existing studies but more significantly, this study is able to extend the literature in the field by closing some of the existing gaps in the domain of marketing strategy formulation and implementation. Whilst the current study has extended what El-Ansary (2006) terms the taxonomy of marketing strategies by adding the marketing enabling environment into the picture, the marketing strategies for local and international markets is still potentially deep and deserves additional investigations.

6.2.2 Implications for Management Practice

The ultimate success and failure of any organization is heavily dependent on the top management who are in charge of formulating and implementing

strategies. In this regard, marketing strategies formulation and implementation calls for the active and consistent engagements of managers because it is one of the most determinental factors for competitiveness. In view of this, the study clearly examined the marketing strategies of the textile companies and thereby identified critical gaps in the practice. Besides, extensive and pertinent litratures were reviewed to understand the issue in borader practical perspectives. Accordingly, the researcher forewards the following three major implications for management practices.

- a. Managers should focus on marketing strategy; investments on marketing assets and capabilities
- b. Firm's performance can be better measured in non financial measures
- c. Niche marketing strategy is more appropriate for the textile firms in the international markets

a. Managers should focus on marketing strategy; investments on marketing assets and capabilities

Marketing strategies are formulated at corporate level and the implementations are usually made in the middle management level; managers are involved in both cases. This implies that this study has implications to management practices which may help firms improve their marketing strategy formulation and implementation practices.

In this regard, there should be greater strategic thinking among marketing and general managers about the importance of marketing strategies in the modern market. This calls for sound understanding and concern for

marketing activities including allocation of the right budget, investment in technology, and hiring skilled experienced marketers.

This is particularly significant in the international markets where there are many competitors with greater experiences in marketing strategies and who can understand and respond to the customers' needs more efficiently. Hence, investments on marketing assets and capabilities should be viewed as investments by the companies for future growth and sustainability.

b. Firm's performance can be better measured in non financial measures

The cross-case analyses indicate that one of the reasons why firms do not invest on marketing assets and capabilities is that they focus on short term profits and they consider investing on marketing accounts only to costs. But the emerging literatures strongly argue that by going beyond the traditional measures of financial performances, managers need to have a better understanding of how their companies are really doing (Kaplan & Norton, 1992). This implies that the non financial measurements are better measures of firms' performances as they give more emphasis to firms' future growth and sustainability. In connection to this, these non financial metrics enable companies to track even the financial results while simultaneously monitoring progresses in building the capabilities and acquiring the intangible assets which they need for future growth (Kaplan & Norton, 1992).

Hence, customers' base of performance measures which include customer acquisition and retention, customers' value, and share of wallet (Ramani & Kumar, 2008) are identified as good measures of firm performances in the case companies. Thus, non financial measurements should be given more emphasis than the financial measurements and companies need to be looking forward to future growth and sustainability. In so doing, focusing on competition and the needs of the customers calls for formulation and implementation of the right marketing strategy which is linked to firms' marketing performances.

c. Niche marketing strategy is more appropriate for the textile firms in the international markets

The findings indicate that the case companies are not profitable in the international markets despite the continued attempt by the firms coupled with the government's unreserved support. Furthermore, the findings presented evidence that no clear marketing strategy has been applied by the firms themselves. Therefore, it has become clear from the cross case analysis and extant literature review that niche marketing is the appropriate strategy for Ethiopian textile firms as this strategy has been proven that it is related to profitability (Porter, 1996; Parrish et al., 2006). For this reason, firms located in the developing countries are looking for niche marketing strategy (Parrish et al., 2006). The idea here is that the empirical evidences from other developing countries is similar to Ethiopian companies as those

companies in developing countries are similarly characterized by low marketing capability and capital.

Consequently, successful niche marketing strategies need to be based upon offering superior value to the targeted customers (O'Regan & Ghobadian, 2005; Doyle, 2002). Superior value can be based on providing superior quality; which can be expressed in terms of performance, service, personnel, and image, or offering lower priced solutions (Doyle, 2002; Toften & Olsen, 2004). Thus, superior quality is achieved when a niche firm understands the requirements of customers in the niche better than the competitors, and has the skills to tailor its resources to meeting precisely the unique needs of this group (O'Regan & Ghobadian, 2005; Doyle, 2002).

Thus, to effectively develop the niche marketing, it is essential that marketers start from the needs of a few customers and gradually build up a larger customer base. Accordingly, a company should aggregate small niches based on similarities, with an emphasis on the individual (Toften & Hammervoll, 2013; Shani & Chalasani, 1992).

In this regard, (McKenna, 1988) states that a company should think of customers as individuals and respond to their special needs and the best place to probe for new niches is a company's present customer base, and perhaps that present market could be redefined into smaller segments (O'Regan & Ghobadian , 2005). Thus, it is recommended that the Ethiopian textile companies develop niche marketing strategies and implement it

accordingly. This is because for companies with less experience and capital, niche marketing strategy helps them to concentrate these scarce resources on promising segments. As a result, the textile companies can be profitable if they formulate and implement niche marketing strategies, particularly for export market.

Generally, although there are a number of further implications borne from the findings of this study, the above presentations serve to highlight those which are believed to have the most significant implications for management practice. Thus, it is hoped that these findings will have considerable contributions to Ethiopian textile firms by enabling them to formulate and execute effective marketing strategies. And, the implications forwarded above are manageable within the textile companies and putting them into action will help the companies to improve their competitiveness in both domestic and international markets, keeping other things constant.

6.3 Recommendation for Future Research

Although this study has achieved its objective and answered the basic research questions raised, it is believed that it has also opened possible areas of research future researchers can consider as possible areas of investigation. Hence, as future research direction, it will be logical and more important that future researchers replicate similar studies in different geographical contexts in order to make the findings more inferable to the

larger population. It may also be useful to analyze issues related to the international marketing strategy and export performances of firms by including more variables into the conceptual framework such as firm size, capital, and firm's age as they may have significant effect on firms' economies of scale and ultimately on their performances.

Besides, it can be more interesting and significant if the constructs concerned in this research are quantitatively tested. Such quantitative test of the research can enhance statistical generalization and hence the result will be more compelling.

Finally, the conceptual framework proposed needs a further more sophisticated statistical test using structural equation modeling. In this case, the enabling environment can be considered as the exogenous variable, the marketing strategy as a mediating variable, and the firm performance (which can be measured either in financial or non financial measures) can be taken as the endogenous variable.

In this complex and interesting mode, it may also be important to see whether there exists a direct effect (link) between marketing enabling environment and firm performance. Hence, future researchers are advised to use any of the three directions to conduct a more robust marketing strategy investigation.

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Annex



10 January 2014

Ref: # 2013_DBL_011 (FA: Addis Ababa)

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**GRADUATE SCHOOL OF BUSINESS LEADERSHIP RESEARCH
ETHICS REVIEW COMMITTEE (GSBL RERC)**

This is to certify that the application for ethics clearance submitted by Mr
Aschalewe Degoma Durie: (student # 72683686) in the fulfilment of a
Doctoral Degree in Business Leadership:

**Marketing strategies of Textile Companies: The case of selected medium and
large Ethiopian textile companies has received ethics approval**

The research ethics application for the abovementioned research project was reviewed by a sub-committee of the GSBL RERC in compliance with the Unisa Policy on Research Ethics, on 13 December 2013 and final approval is granted. The decision will be submitted to the GSBL RERC for ratification on 30 January 2014.

This certificate is valid for the duration of the project. Please be advised that the committee needs to be informed should any part of the research methodology as outlined in the ethics application [2013_DBL_011 (FA: Addis Ababa)] change in any way or if any ethical problems are encountered during the course of the study. No field work must be conducted without the necessary permission granted by the identified organisations.

The Graduate School of Business Leadership Research Ethics Review Committee wishes you all the best with this research undertaking.

Kind regards,

Dr RG Visagie

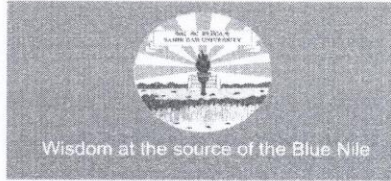
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Date: 24 Jan 2016

→ To: UNIVERSITY OF SOUTH AFRICA
SBL PROGRAM
SOUTH AFRICA

Subject: **Confirmation for dissertation editing**

This is to confirm that I have meticulously read, edited and proofread a PhD dissertation titled 'MARKETING STRATEGIES OF TEXTILE COMPANIES: THE CASE OF SELECTED MEDIUM AND LARGE ETHIOPIAN TEXTILE COMPANIES' by ASCHALEW DEGOMA DURIE. I confirm that he work is therefore well edited that it is now a readable doctoral dissertation.

Sincerely,



Dawit Amogne, PhD
Associate Professor of English
Faculty of Humanities
Bahir Dar University

CC://

➤ Mr Aschalew Degoma Durie
Bahir Dar University

A.T//

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IN REPLYING, PLEASE QUOTE OUR REF. NO. & DATE

Interview Guideline

The semi-structured interviews were conducted with marketing managers or their equivalents of the selected company. After clearly explaining the purpose and general motives of the research and getting informed consent, the researcher carried out the semi-structured interviews.

General Information

1. Sex: Male Female
2. Age: (years) 20 – 30 31 – 40
 41- 50 50and above
3. Interviewee's education status _____
4. Interviewee's position in the company _____
5. Year of service in managerial position _____

The interview guidelines were the following

1. How important do you think is marketing strategy to your company?
 - top level management involvement
 - marketing assets allocation
 - technology
 - employees skills and leverage
 - marketing expertese available
 - marketing plan
 - enviornmental assessment (opportunities and threats)
 - level of operation in local and global markets

2. how do you formulate your marketing strategy (for both local and global markets)
 - the preconditions for formulations
 - the integration of marketing strategy with corporate strategy
 - individuals who formulate it
 - segmentation and targeting area and criteria
 - differentiation of the product and its strategies (branding)
 - positioning strategies (branding)-

3. how do you implement your marketing strategy as per the formulation
 - product development strategies (bases for new product development, frequency, speed of development, branding, design etc...)
 - pricing strategies (bases of pricing for local and international markets)
 - distribution strategies (the distribution channel for local and international markets, the effectiveness, etc...)
 - promotion strategies (the promotional strategies and media applied for local and international markets, how effective they are, available means of communication, etc..)

4. Perceptions about the companies performances
 - the proportion of export to total sales
 - the sales volume of local sales, international sales
 - the customers feedback in both local and international markets

- the market share
- customers satisfaction

5. how do evaluate the marketing strategies of your competitors both in the local and international markets?

- relative to the local competitors
- relative to the global competitors

6. Any opinion about textile industry in general, the current market, the would be future market (if Ethiopia joins world trade organization), and their companies future directions.

Case Study Protocol

This case study protocol was developed based on the recommendation of Yin, 2003, 2009 to provide guidance in the case research design and thereby to ensure consistency and trustworthiness of the findings. It was found to be helpful especially in respondent selection, data collection, and data analysis. The protocol consists of five (5) main sections and each of them is detailed as follows.

1. Research Problem

This study sought to examine the marketing strategies of Ethiopian medium and large textile companies. The central research question was ‘how do Ethiopian medium and large textile companies formulate and implement their marketing strategies?’

The specific research questions were

- What is the level of emphasis given to marketing strategy at corporate level?
- How do firms formulate their marketing strategies
- How do firms implement their marketing strategies?
- How do firms link enabling environment with their marketing strategies?
- How do firms’ marketing strategies affect their competitiveness in both local and international markets?

- To what extent are firms' enabling environment linked to their performance?

2. Significance of the research

This study could be significant in contributing to the area of marketing strategy research related to the textile industry and in posing numerous pertinent questions to guide future research. The main significance of this study lied in the fact that no existing studies have explored marketing strategies formulation and implementation practices of Ethiopian textile firms. Understanding the power of marketing strategy in achieving competitive advantage and profitability can assist textile firms to develop effective marketing programs and creating appropriate marketing strategies was believed to help the firms enhance their profitability and competitiveness.

Managing the findings of this study may help to improve the marketing process and better meet the needs of both domestic and international customers. Additionally, this study may yield valuable results due to the qualitative approach. The need for both qualitative and quantitative research to determine the extent to which marketing strategy formulation and implementation processes are integrated can provide a deeper insight into the competitiveness problems of textile firms by identifying marketing strategy formulation and implementation variables through exploring firms' practices so far.

3. Research design and chosen methodology

The general objective of this study is to examine the marketing strategies formulation and implementation practices of Ethiopian textile firms. Qualitative research approach with case study research design was employed to achieve the intended objective. The cases were selected based on their production of finished textile products and their operation in both domestic and global markets. The formal qualitative data analysis technique as recommended by (Strauss & Corbin, 1990) such as open coding, axial coding, and selective coding was applied and the final themes emerged from the data were compared against the conceptual framework and analysis was made accordingly. The conceptual framework was developed mainly from the works of El-Ansary, 2006; Aaker, 1984; Ahmad, 2007; Grant, 1991; and Vincent 2005. And within case and cross case analysis were employed to analyze the data systematically. Finally, methodological considerations were considered to maintain the validity and reliability of the findings.

4. Use of theory in data collection and analysis

Case studies design can apply either of the two major approaches to the use of theory in data collection and analysis. These approaches are adductive and retroductive (Blaikie, 2007; Buchanan & Bryman, 2009). Accordingly, in the retroductive approach, an initial set of themes generated from existing theories and literatures which can serve as sensitizing the theory is used to guide the research process. Hence, retroductive approach was used to the use of theory in this research.

Accordingly, the researcher reviewed literatures from which the research ideas were initially developed and later the conceptual framework was constructed. In this regard, this research acknowledges in particular the marketing strategy model developed by El-Ansary, 2006. Besides, the research benefited and bases its theoretical perspective of marketing strategy from resource based view as suggested by (Barney, 1991; Grant, 1991).

5. How participants were recruited in this research project

The textile firms which are involved in the production of finished textile products are the focus of the study because these companies need to have appropriate marketing strategies to be competitive in the market. For the in depth investigation of the research and the fullest application of the case research design chosen, even the number of those finished textile product producers should be reduced. The exclusion was made by considering only those textile firms which sell their products both in the domestic and global markets. Accordingly, nine firms qualify the criterion and the researcher used all of them. Hence, the unit of analysis was the firm.

5.1 Obtaining of permission to recruit participants from the selected case companies

Permission was obtained during the interviews with the marketing managers or their equivalents from the case companies

5.2 Psychological and other risks to the participants

The risks to the participants were mainly reputation risk due to disclosure of confidentiality and company marketing plan 'secrecy.' And the perceived risk was sorted out by promising anonymity of the individuals and their respective organizations' identity.

5.3 Justifying the study in terms of the risk to, and imposition on, the participants

The researcher obtained the respondent's informed consent before the research commences, explaining rights and protection of the participants and ensure that benefits of the study could be shared with the companies regarding marketing strategy recommendations.

5.4 Steps taken to ensure protection of the participants' physical, social and psychological welfare

The steps followed include:

- 1) Self introduction – my name, brief background (Lecturer at BDU and PhD candidate at UNISA with no connection to government or other bodies)
- 2) Gave a brief description of the research topic
- 3) Described the target textile companies and reasons for that
- 4) Described the purpose(s) of the research
- 5) Gave a good faith of 'estimated of the time required to complete the interview (about 80 minutes)
- 6) Promised anonymity and confidentiality

- 7) Told the respondent that the participation was voluntary
- 8) Told the respondent that any response is acceptable for any of the questions raised
- 9) Asked for permission to begin after explain all the above details

5.5 The study's benefit to the participants?

The study may benefit the participants as it was aimed to scientifically examine marketing strategy problems and come up with strategic alternatives so that they may consider it in their marketing strategy formulation which as a result may improve their businesses competitive advantage

5.6 Steps taken to ensure informed consent of the participants

The researcher fully disclosed the procedures of the proposed study and other research design before requesting permission to proceed with the study. It was even promised that written and signed consents could be entered into should oral consent not be sufficient. However, the respondents agreed on the oral consents.

Steps taken to:

- (a) Provided feedback to respondents- by scheduling the interviews date and time
- (b) Debriefed participants- By describing fully the objectives and purposes of the research to the respondents

5.7 Measures taken to ensure the confidentiality of the participants involved in this study:

1. By restricting access to information that reveals names, telephone numbers, addresses, or other identifiable features
2. By obtaining signed nondisclosure documents
3. By obtaining the consent by the respondents to reveal certain information
4. By restricting access to data instrument where the respondent could be identified
5. By informing respondents of their right to refuse to answer any questions or to withdraw from the participation in the study
6. By obtaining permission to interview respondents
7. By scheduling of face to face interviews
8. By limiting the time required for participation

5.8 Explain how I intended to store and protect the confidentiality of the data.

- 1) By weakening links between the data or database and the identifying information file
- 2) Individual interview response sheets be inaccessible to anyone else
- 3) Data collection instruments (the notebook) would be destroyed once the data are in a data file

Data files that made it easy to reconstruct the profiles or identification of individual respondents would be carefully controlled.

As promised, all the personal identifiers were removed from the final report.