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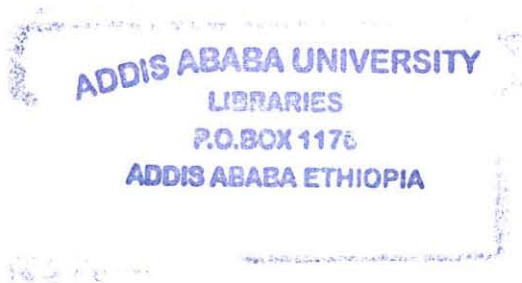
STUDY ON ASSESSMENT OF MARKETING PRACTICES OF MICRO AND SMALL ENTERPRISES IN AWI ZONE, ETHIOPIA

A THESIS SUBMITTED TO:

**THE SCHOOL OF GRADUATE STUDIES OF ADDIS ABABA UNIVERSITY
IN A PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE
DEGREE OF MASTERS OF ARTS IN MARKETING MANAGEMENT
EDUCATION IN THE DEPARTMENT OF BUSINESS EDUCATION**

BY:- TESFAYE GEDYON

ADVISOR: K.S.BOSE (PHD)



**April, 2011
Addis Ababa**

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BY: TESFAYE DEDYON

Chairperson (Graduate Committee) Signature

Wolke Mekonnen

Approved by Board of Examiners:

Dr. K. S. BOSE

Advisor

Getachew Yoseph

Examiner

Examiner



Bose

Signature

[Signature]

Signature

Signature

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Acronyms

GDP	Gross Domestic Product
MSEs	Micro and Small Enterprises
FDROEMTI	Federal Democratic Republic of Ethiopia Ministry of trade and Industry
CSA	Central Statistics Authority
EBDSN	Ethiopian Business Development Service Network
MIT	Ministry of Trade and Industry
USAID	United States of America Aid
APEC	Asia Pacific Economic Cooperation
AMA	America Marketing Association
MSC	Master of Sciences
Ps	Product, Price, Promotion, and Place
MSE	Micro and Small Enterprise
SEs	Small Enterprises
MEs	Micro Enterprises
SMEs	Small and Micro Enterprises

Abstract

Micro and small enterprises (MSEs) are generally recognized as a main factor for economic growth and equitable development. Their contribution to employment generation, poverty reduction and wider distribution of wealth and opportunities represents a major window of opportunity for most developing countries. However, the potential role of MSEs is often not realized because of a set of problems and limitations they encounter on their path to establishment and growth. Most of them Lack capital, skills, schooling, information and technical know-how, producing at best only simple and low quality products. Isolated micro and small enterprises would also face difficulty to attract traders, as trading cost per transaction would be disproportionately high. But these all stated problems have direct or indirect link with Marketing. Therefore this specific research is conducted to assess the Marketing practices of MSEs particularly in Awi zone with the objective of identifying Marketing problems of MSEs.

Much of the research into Marketing in small businesses concludes that it is frequently underutilized and misunderstood by small business owner-managers. So under literature review the research try to justify what does mean Micro and Small Enterprises, their importance to other countries economy and Ethiopia, the profile of Awi zone MSEs, what is marketing, its importance to MSEs and other sub topics which helps to clarify the confusion stated above.

Questionnaires were filled by 250 Entrepreneurs to collect fresh and first hand information. Interviews were conducted with the government officials of city administration in Awi zone. The samples were identified based on quota of each city administrations have and convenience. Finally the data were summarized by spss version 17 and presented in graph or figure.

Conclusion and recommendations are presented on the last part of the paper which is based on evidence that the researcher can collect.

CHAPTER ONE

INTRODUCTION

1.1 BACKGROUND OF THE STUDY

Ethiopia is rich in resource endowment but due to many reason the country is one of the least developed country in Africa. The country's economy is mainly lead by agriculture that contributes 48% to its GDP and employs 85% of the population currently. The industry sector remains stagnant and contributes around 13.2% to its GDP, employs 5% of the labor force in the country. The remained GDP out of 76.07 billion \$ is contributed by the service sector, which employs 10% of the population or labor force in the country. The country is now maintaining 38.7% of the population below poverty line; mainly the country export is based on agricultural products like coffee, which contributes around 43% of the export within one year. (<http://www.salamta.net/economy.htm>)

To get progress within short period of time, there has to be transformation from agriculture economy to industrial economy, so the Ministry of Finance and Economic Development has amended the next five-year transformation and development plan, which aims transforming the Ethiopian economy to industry based. This plan gives serious emphasis to Micro and Small Enterprise because the sector can employ more than eight fold than those who are employed in the formal sector. (Ministry of finance and development Strategic plan 2010)

Micro Enterprises (MEs) are small business enterprises with paid up capital of not exceeding 20,000 birr and excluding high technical consultancy and other establishment. (FDEROMTI 2007).

Small Enterprises (SEs) are businesses that have the capital above 20,000 birr and below 500,000 birr and which, do not need high technical consultancy and other technical establishment. (FDEROMTI 2007)

In successful developing countries Micro and Small Enterprises (MSES) by virtue of its size, location, their capacity to generate greater employment, have demonstrated powerful propellant effect for rapid economic growth. The MSE sector has also been also instrumental in bringing about economic transition by providing goods and services that have adequate quality and reasonably priced to large number of people particularly in rural areas, and by effectively using the skills , talents of large number of peoples without

requiring high level of training, large sums of capital and sophisticated technology.

The Micro and Small Enterprises sector is also described as the natural home of Entrepreneurs. It has the potential to provide the ideal environment for enabling Entrepreneurs to optimally exercise to their talents to achieve professional goals. In successfully economies Micro and Small Enterprise seen as an essential springboard for growth, job creation and social progress. (Ethiopian business development service network 2004)

As per the survey conducted in the major to towns in Ethiopia by Central Statistics Authority (CSA, 1997), shows that there were 584,913 informal sector activity operators and 2, 731 small-scale manufacturing industries employing 734,898 people.

Even though SMEs can be major providers of jobs, limited initiatives have been introduced to promote them as employment generators, especially around the vulnerable and disadvantaged segment of the population. Government in developing countries should give emphasis to Micro and Small Enterprises sector in order to serve the rising unemployment problem. Ethiopia is not unique in these regard considering the degree of unemployment as well as realizing the role of Micro and Small Enterprises towards a sustainable employment creation. The government has to give due attention in terms of promoting favorable business environment. (Assegedech 2007)

The significance of Micro and small enterprise (MSES) has been recognized since recent times. In 1950s and 1960s Micro and small enterprises (MSES) were viewed as marginal and unproductive sectors that evade tax and with little potential for growth or entrepreneurial capacity. However due to change in the world economic climate in the late 1970s through 1980s, they reserved more attention from donors and government. They were critically important components of Africa's urban economies (Takman, 1989 as cited in Tegeng)

Awi zone is one of from the 11 (eleven) zones in Amhara regional state, the zone far from Addis Ababa with 452 kilometers. The zone is made up of woredas and city administrations. Each woreda and city administrations have different Micro and Small Enterprise in different sectors. This study will focus on Micro and Small Enterprises in three city administrations of cities in Awi zone. The number of Micro and small enterprise in the zone are listed below.

Table 1.1 the number of micro and small enterprises in Awi zone

	Numbers of micro and small enterprises in Awi zone in 2002	Numbers of micro and small enterprises in Awi zone in 2007(forecasted)
Textile	700	4500
Wood and metal	502	2070
Food related	1023	1882
construction	512	14925
Traditional industries	308	828
service	2825	2183
total	5870	26391

Source: *Amhara National and Regional state micro and small enterprise development agency, 2002*

1.2 Rationale of the Research

Micro and Small Enterprises are important because they provide the majority of new jobs. Besides this, they have especial significance for agrarian economies like Ethiopia because their role in foundation of strong and sustainable economic development is great. The sector is claimed to be a breeding ground for development of industrial skill and entrepreneurship. In addition, it upgrades indigenous technologies including exploitation of locally available raw materials with lower capital, flexibility to local market conditions and with fewer requirements in infrastructure development requirement.

As per the survey conducted by Central Statistics Authority, (1997), over the private sector of Ethiopia, Micro and Small Enterprises employ the labor force engaged in informal sector activities more than eight fold (739, 898) to that of employed in medium and large scale manufacturing industries (90213) (MTI 1997). Therefore if the growth is to be broad based and create more employment opportunities, the micro and small enterprises sector should be given series emphasis.

The final reason why the research is going to be conducted is that currently in Ethiopia micro and small enterprises are expanding in terms of number and type as table 1.1 shows. This expansion needs serious emphasis from government, scholars and researchers to create conducive environment for development.

1.3 Statement of the Problem

Generally some of the research conducted in small town of Ethiopia, reveal that Micro and

Small Enterprises are characterized by low productivity and stagnation, lack of partnership and networking, low level of employment and capital, limited access to financial services, absence of technical and business skill. (Gebreegziabiher. M. Dmeke 2007) As per this research finding, the major futures of Micro and Small Enterprises are lack of skill to modify their products such as handicraft pottery and lack of sufficient range product designs. In addition, Micro and Small Enterprises are characterized by lack of basic understanding of pricing because of this reason in some situation they under price their product due to lack of basic understanding of pricing. Besides, Micro and Small Enterprises lack the skill of operating a business because of this they refrain from promoting their products. Finally, Micro and Small Enterprises have not realized the importance of cooperation. The purpose of this research is to prove that the problems mentioned are the real futures of Micro and Small Enterprises in Awi zone and to determine the major causes of the problem.

The basic research question the research is going to answer is the following.

- ❖ Are the above-mentioned problems characterized the Micro and Small Enterprises of Awi zone?
- ❖ What are the major causes of the above mention problems?
- ❖ What are the major solutions to solve the problems of Micro and Small Enterprises?

1.4 Objective of the Study

The overall objective of this research is to assess the major Marketing Practices of Micro and Small Enterprises in Awi zone, the specific objective are as follows.

- To analyze socio economic profiles of entrepreneurs who operate Micro and Small Business
- To identify the major marketing problems, which are related, with pricing, promotion and distribution of the products that are produced by Micro and Small Enterprises
- To identify the major causes of marketing problems of Micro and Small Enterprises in Awi-zone
- To recommend constructive suggestion which enhance the Marketing skills of Micro and Small Enterprise operators

1.5 Scope of the Study

The research will focus on Micro and Small Enterprises in city administrations of Awi zone.

The other sectors of business enterprises will not be considered in this research even if the enterprise which are located in Awi zone. The background of owners of Micro and Small Enterprises will be considered as the profile of entrepreneur.

1.6 Significance of the Study

The research will provide different benefits to different parties or stakeholders. For example, for the administrator of the zone the research out put will be used as an input to evaluate and solve the problems of micro and small enterprises of the zone. The second benefit is related with researchers who are interested to under take a research in the future especially in Awi zone can use as an input to undertake research in the area. Finally, the research will also provide valuable inputs to the owners of micro and small enterprises especially in micro and small enterprise sector particularly in Awi zone.

1.7 Limitations of the Study

The researcher has faced many problems while undertaking the research but providing each and every problem in detail may not be important so the following are the major and concrete limitation which the researcher have faced while conducting the research. The first limitation is related with time and budget shortage. The second major problem was getting cooperation from concerned parties was difficult. Some times the researcher time schedule may not fit with the programs of concerned parties. Sometimes the concerned parties dislike providing real and truth information blindly even they link the research with tax payment. Finally data collection from entrepreneurs was difficult due to many reasons such as dispersed distribution of micro and small enterprises, some of the operators did not have the willingness to give the information, filling half of the questionnaire were the major and concrete problems to solve.

1.8 Organization of the study

The research report is organized systematically in six chapters to provide comprehensive information. The first chapter tries to discuss the background, problem, objective, rationale, significances and limitations of the study. The second chapter tries to clarify what are MSEs, what are the advantages MSEs have, what are the major contributions of MSEs to Ethiopian economy and others in developing and developed countries, the background of MSEs in Awi zone, definition, importance and strategies of marketing in detail. The third chapter discusses the marketing strategies followed by MSEs like product, pricing, distribution and

promotion strategies in detail. The fourth chapter discusses the methodology followed while undertaking the research specifically study design, sampling procedure, data collection and the number and type of MSEs surveyed under this research in detail. The fifth chapter discusses the variables which affect marketing performances positively or negatively by classifying under four major categories which includes the profiles of Entrepreneurs, the profiles of MSEs, Marketing profiles of MSEs and Marketing problems of MSEs in Awi zone. The last chapter discusses the conclusions and recommendations in detail.

CHAPTER TWO

REVIEW OF THE LITERATURE-PART ONE

2.1 Definition of Micro and Small Enterprises

In many countries, Micro Enterprises — small, informally organized commercial operations owned and operated mostly by the poor — constitute the majority of businesses. They account for a substantial share of total employment and gross domestic product and they contribute significantly to poverty reduction.

USAID defines “Micro Enterprise” as a firm of 10 or fewer employees, including unpaid workers, which is owned and operated by someone who is poor. They are often the chief economic defense of the most vulnerable households in high-risk environments, such as civil conflict, or during natural disasters. As the predominant source of income and employment for hundreds of millions of people worldwide, the Micro Enterprise sector’s influence on individuals, households, and national economies is clear and profound.

In our country, Ethiopia, Micro and Small Enterprises are given different meanings at different times and the definition given by the Central Statistics Authority in using information analysis and that given by the Ministry of Trade and Industry in 1997 are basic applicable definitions. The Central Statistics Authority defines Small Trade Organization that employ less than 10 people. Those engaged in handicraft and informal work sectors are categorized as Micro Enterprises. As the name indicates, informal trade organizations are to mean those who are engaged in various works without possessing trade license.

The definition of Micro and Small Trade Enterprises can vary depending on the level of capacity of subsiding of each country and from time to time. In our country, the definition of Micro and Small Trade Enterprises is determined from time to time by the Ministry of Trade and Industry by evaluating the situation of the time. Accordingly, when seen from the current development level (standard) and capacity, the following definition is determined to be applicable by the Ministry of Trade and Industry.

Micro Trade work enterprises means trade organization whose capital is not exceeding from Birr 20,000.00 and higher consultancy service organizations and other higher technological enterprises are not included.

Small Business organizations means trade work organizations whose minimum paid up capital is not less than Birr 20,000.00 and not exceeding from Birr 500,000.00 and shall not include higher technological consultancy service and other higher technological institutions.

Micro and Small Business works sectors means, with out including those mentioned by the two capital level above (higher technical consultancy service and other higher technological institutions) trade industry and technical (hand craft) intuitions. Trade means supplying for market any product or service for getting profit.

2.2 Advantages of Micro and Small Enterprises

A Small Business can be started at a very low cost and on a part-time basis. Adapting to change is crucial in business and particularly Small Business; not being tied to any bureaucratic inertia, it is typically easier to respond to the marketplace quickly. Small Business Proprietors tend to be intimate with their customers and clients, which results in greater accountability and maturity. Independence is another advantage of owning a Small Business. One survey of Small Business owners showed that 38% of those who left their jobs at other companies said their main reason for leaving was that they wanted to be their own bosses. Freedom to operate independently is a reward for Small Business owners. In addition, many people desire to make their own decisions, take their own risks, and reap the rewards of their efforts. Small Business owners have the satisfaction of making their own decisions within the constraints imposed by economic and other environmental factors. However, Entrepreneurs have to work very long hours and understand that ultimately their customers are their bosses. (http://en.wikipedia.org/wiki/Small_business)

Micro and small enterprises (MSEs) allow the rural poor – including some of the most marginalized and vulnerable strata such as rural women, youth, and the landless – to diversify their incomes, create new sources of economic growth and generate additional employment (including self-employment) in rural areas. The same strata may also be reached through MSE support to small-scale local Entrepreneurs, whose business expansion can create new jobs for the rural poor. (<http://www.ifad.org/rural/learningnotes/fam/2.htm>)

2.3 The Contribution of Micro and Small Enterprises to the Ethiopian Economy

One feature of the Ethiopian private sector as a whole is that it is highly dominated by Micro and Small Enterprises (MSEs) which are geared towards satisfying the needs of low-income groups.

Micro and Small-Scale Enterprises sector, accounting for the bulk of non-agricultural economic activities, and are highly concentrated in the production and consumption of textiles, food and beverage processing. Within the MSE sector, Micro Enterprises account for 99.8 percent of total establishments, 99.6 percent of employment and 94.7 percent of gross value production and 95.1 percent of value added.

According to the survey conducted by central statics in 2007, over 89% of the informal sector operators are concentrated in manufacturing, trade, hotel and restaurant activities. Of the small-scale manufacturing industries, 85% are engaged in the manufacture of food, fabricated metal furniture and wearing apparels. The survey also revealed that the number of people earning their livelihood from the informal sector activities and small scale manufacturing industries is eight times larger than those engaged in the medium and large-scale, industrial establishments. The survey also indicated that the increased role and contribution that the MSE sector could have provided to the national economy is largely constrained by the various policy, structural and institutional related problems and bottlenecks. Lack of smooth supply of raw materials and working premises were reported to be the major bottlenecks facing small scale manufacturing industries, while lack of sufficient capital and working premises were the leading problems of the informal sector operators to start their businesses. (FDRoE MTI 1997)

2.4 The Contribution of Micro and Small Enterprise to the other Country's Economy

In the US, small business (less than 500 employees) accounts for around half the GDP and more than half the employment. Regarding small business, the top job provider is those with less than 10 employees and those with 10 or more but less than 20 employees comes in as the second, and those with 20 or more but less than 100 employees comes in as the third. The most recent data shows firms with less than 20 employees account for slightly more than 18% of the employment. Of the 5,369,068 employer firms in 1995, 78.8 percent had

fewer than 10 employees, and 99.7 percent had fewer than 500 employees. (http://en.wikipedia.org/wiki/Small_business)

The role of and importance of Small Enterprises to the economy can be illustrated by their relative contribution to the business activity within most nations. For instance, 18 countries which comprise the Asia Pacific Economic Cooperation (APEC) region are considered as Small Firms which comprise about more than 98% of all enterprises, 60% of all private sector employment and 30% of all direct export activity. In the United States alone, 70% of all firms, and 20% in Europe are engaged in exporting which account for about two-thirds of all employment. Therefore, Small Firms continue to be under-represented within the global economy in spite of the opportunities which can be derived from international trade (cited in Lloyd-Reason, 2007).

Between the developed, medium developed and having small income countries, in terms of employment the importance of MSE is equivalent. In South Africa 39 % MSE contributes 24 % of GDP. In Bangladesh, around 90 % of the units are of this sector. In Japan MSE provides a contribution of a staggering 70 % of employment. In Thailand, of the total GDP 38.1 % and of the total employment, 60.7 % are provided by this sector. In china of the total exports, 68 % are from MSE sector. (Mr. J.R. Raiyani 2007)

In most economies, smaller enterprises are much greater in number. In the EU, SMEs comprise approximately 99% of all firms and employ between them about 65 million people. In many sectors, SMEs are also responsible for driving innovation and competition. Globally SMEs account for 99% of business numbers and 40% to 50% of GDP. (http://europa.eu/legislation_summaries/enterprise/business_environment/n26026_ehtm)

2.5 Micro and Small Enterprise in Awi zone

Awi zone is one of 11 (eleven) zones in Amhara regional state. Based on figures from the Central Statistical Agency census of 2007, AWI zone has a total population of 981,491, of whom 490,949 are men and 490,542 are women; 122,717 or 12.5% of its population are urban dwellers. With an estimated area of 6,364.26 square kilometers, Agew Awi has an estimated population density of 154.21 people per square kilometer.

There is no tangible data, which shows when micro and small enterprises were started but now there are many Micro and Small Enterprise in different sectors. Since 12.5% of the population is residing in small towns of the zone, Micro and Small Enterprises have genuine

importance. The major advantages of Micro and Small Enterprises is its labour intensiveness therefore, the administration office is trying to give serious emphasis to solve specially the problems of Micro and Small Enterprises in Awi zone. As per the office the numbers of unemployed citizens are around 12000 peoples. The number of Micro and Small Enterprise in Awi are the Following.

Table 1.1 the number of micro and small enterprises in Awi zone

sectors	Numbers of micro and small enterprises in Awi zone in 2002	Numbers of micro and small enterprises in Awi zone in 2007(forecasted)
Textile	700	4500
Wood and metal	502	2070
Food related	1023	1882
construction	512	14925
Traditional industries	308	828
service	2825	2183
total	5870	26391

Source: (Amhara National and Regional state micro and small enterprise development agency 2002)

2.6 Definition of Marketing

Marketing is a general term used to describe all the various activities involved in transferring goods and services from producers to consumers. In addition to the functions commonly associated with it, such as Advertising and Sales promotion, Marketing also encompasses Product Development, Packaging, Distribution Channels, Pricing, and many other functions. The modern Marketing concept, which is applied by most successful Small Businesses, is intended to focus all of a company's activities upon uncovering and satisfying customer needs. After all, an Entrepreneur may come up with a great product and use the most efficient production methods to make it, but all the effort will have been wasted if he or she is unable to consummate the sale of the product to consumers. (Small Business Encyclopedia 2010)

Marketing is defined by the American Marketing Association (AMA) as "the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large."

The term developed from the original meaning, which referred literally to going to a market to buy or sell goods or services. Seen from a systems point of view, sales process

engineering views marketing as "a set of processes that are interconnected and interdependent with other functions, whose methods can be improved using a variety of relatively new approaches."

The Chartered Institute of Marketing defines Marketing as "the management process responsible for identifying, anticipating and satisfying customer requirements profitably. A different concept is the value-based Marketing, which states the role of Marketing to contribute to increasing value. In this context, Marketing is defined as "the management process that seeks to maximize returns to shareholders by developing relationships with valued customers and creating a competitive advantage."

Marketing practice tended to be seen as a creative industry in the past, which included advertising, distribution and selling. However, because the academic study of Marketing makes extensive use of social sciences, psychology, sociology, mathematics, economics, anthropology and neuroscience, the profession is now widely recognized as a science, allowing numerous universities to offer Master-of-Science (MSc) programs.

The overall process starts with marketing research and goes through market segmentation, business planning and execution, ending with pre and post-sales promotional activities. It is also related to many of the creative arts. The Marketing literature is also adopted at re-inventing itself and its vocabulary according to the times and the culture.

The importance of Marketing in the modern business climate cannot be overstated. In fact, management guru Peter F. Drucker has claimed that Marketing "is so basic it cannot be considered a separate function.... It is the whole business seen from the point of view of its final result, that is, from the customer's point of view." Marketing is the source of many important new ideas in management thought and practice—such as flexible manufacturing systems, flat organizational structures, and an increased emphasis on service—all of which are designed to make businesses more responsive to customer needs and preferences. This suggests that small business owners must master the basics of Marketing in order to succeed.

In the Macmillan Small Business Handbook, Mark Stevens discussed four main areas of Marketing in which Entrepreneurs should concentrate their efforts: 1) determining the needs of customers through market research; 2) analyzing their own competitive advantages and developing an appropriate market strategy; 3) selecting specific target markets to serve; and 4) determining the best marketing mix to satisfy customer needs.

The first three tasks are most appropriately performed when a start-up business is preparing to enter a market, or when an existing business is considering entering a new market or promoting a new product. The marketing mix, on the other hand, includes the main decision areas that an entrepreneur must consider on an ongoing basis. Some elements of the market environment, such as the general economic conditions, are beyond a small business owner's control. But he or she can adjust elements of the company's marketing mix—which consists of the "four Ps": product, place, price, and promotion—to better fit the market environment. (Small Business Encyclopedia 2010)

In the early stages of forming a small business, a business plan is a vital tool to help an entrepreneur chart the future direction of the enterprise. A well-prepared business plan should include an extensive marketing component that explores the needs of the target market and lays out a marketing program to meet them. In fact, some experts claim that entrepreneurs should actually design their organizations in a way that gives the marketing function prominence. Once the needs of the target customers have been identified, these experts say, every aspect of the company's marketing program, as well as the basic image that the company develops, should be oriented toward satisfying these needs. For example, the company's selection of advertising, channels of distribution, packaging, price, and even vehicles and dress codes should all be coordinated to appeal to the target market. . (Small Business Encyclopedia 2010)

As a small business grows, it may be helpful to create a separate marketing plan. While similar in format to the general business plan, a marketing plan focuses on expanding a certain product line or service rather than on the overall business. According to the Entrepreneur Magazine Small Business Advisor, creating a marketing plan helps a small business to define its markets, review its competitive position, develop goals and objectives, and determine the marketing tactics and financial resources needed to achieve its goals. (Small Business Encyclopedia 2010)

2.7 Marketing Strategies

The different elements of a company's marketing mix can be divided into four basic decision areas—known as the "four Ps": product, place, promotion, and price—which marketing managers can use to devise an overall marketing strategy for a product or group of goods. These four decision groups represent all of the variables that a company can control. However, those decisions must be made within the context of outside variables that

are not entirely under the control of the company, such as competition, economic and technological changes, the political and legal environment, and cultural and social factors.

Marketing decisions related to the product (or service) involve creating the right product for the selected target group. This typically encompasses research and data analysis, as well as the use of tools such as focus groups, to determine how well the product meets the wants and needs of the target group. Numerous determinants factor into the final choice of a product and its presentation. A completely new product, for example, will entail much higher promotional costs to raise consumer awareness, whereas a product that is simply an improved version of an existing item likely will make use of its predecessor's image. A pivotal consideration in product planning and development is branding, whereby the good or service is positioned in the market according to its brand name. Other important elements of the complex product planning and management process may include selection of features, warranty, related product lines, and post-sale service levels.

Considerations about place, the second major decision group, relate to actually getting the good or service to the target market at the right time and in the proper quantity. Strategies related to place may utilize intermediaries and facilitators with expertise in joining buyers and sellers, and they may encompass various distribution channels, including retail, wholesale, catalog, and others. Marketing managers must also devise a means of transporting the goods to the selected sales channels, and they may need to maintain an inventory of items to meet demand. Decisions related to place typically play an important role in determining the degree of vertical integration in a company, or how many activities in the distribution chain are owned and operated by the manufacturer. For example, some larger companies elect to own their trucks, the stores in which their goods are sold, and perhaps even the raw resources used to manufacture their goods.

Decisions about promotion, the third marketing mix decision area, relate to sales, advertising, public relations, and other activities that communicate information intended to influence consumer behavior. Often promotions are also necessary to influence the behavior of retailers and others who resell or distribute the product. Three major types of promotion typically integrated into a market strategy are personal selling, mass selling, and sales promotions. Personal selling, which refers to face-to-face or telephone sales, usually provides immediate feedback for the company about the product and instills greater confidence in customers. Mass selling encompasses advertising on mass media, such as

television, radio, direct mail, and newspapers, and is beneficial because of its broad scope. A relatively new means of promotion involves the Internet, which combines features of mass media with a unique opportunity for interactive communication with customers. Publicity entails the use of free media, such as feature articles about a company or product in a magazine or related interviews on television talk shows, to spread the word to the target audience. Finally, sales promotion efforts include free samples, coupons, contests, rebates, and other miscellaneous marketing tactics.

Determination of price, the fourth major activity related to target marketing, entails the use of discounts and long-term pricing goals, as well as the consideration of demographic and geographic influence. The price of a product or service generally must at least meet some minimum level that will cover a company's cost of producing and delivering its offering. In addition, a firm would logically price a product at the level that would maximize profits. The price that a company selects for its products, however, will vary according to its long-term marketing strategy. For example, a company may under price its product in the hopes of increasing market share and ensuring its competitive presence, or simply to generate a desired level of cash flow. Another producer may price a good extremely high in the hopes of eventually conveying to the consumer that it is a premium product. Another reason a firm might offer a product at a very high price is to discount the good slowly in an effort to maximize the dollars available from consumers willing to pay different prices for the good. In any case, price is used as a tool to achieve comprehensive marketing goals.

Often times, decisions about product, place, promotion, and price will be dictated by the competitive stance that a firm assumes in its target market. According to Michael Porter's classic book *Competitive Strategy*, the three most common competitive strategies are low-cost supplier, differentiation, and niche. Companies that adopt a low-cost supplier strategy are usually characterized by a vigorous pursuit of efficiency and cost controls. A company that manufactures a low-tech or commodity product, such as wood paneling, would likely adopt this approach. Such firms compete by offering a better value than their competitors, accumulating market share, and focusing on high-volume and fast turnover. Companies that adhere to a differentiation strategy achieve market success by offering a unique product or service. They often rely on brand loyalty, specialized distribution channels or service offerings, or patent protection to insulate them from competitors. Because of their uniqueness, they are able to achieve higher-than-average profit margins, making them less

reliant on high sales volume and extreme efficiency. For example, companies that markets proprietary medical devices would likely assume a differentiation strategy. Firms that pursue a niche market strategy succeed by focusing all of their efforts on a very narrow segment of an overall target market. They strive to prosper by dominating their selected niche. Such companies are able to overcome competition by aggressively protecting market share and by orienting every action and decision toward the service of its select group. An example of a company that might employ a niche strategy would be a firm that produced floor coverings only for extremely upscale commercial.

2.8 The Relevance of Marketing to Micro and Small Enterprises

There is evidence that small business failures can result from a lack of marketing, or poor marketing practice, including planning and implementation (Bruno and Leidecker, 1988). Not all small businesses want to grow, but all businesses need to adapt to changing environments and changing customer needs. Marketing facilitates this process (Carson, 1993).

Current research into marketing in small businesses: Marketing is relevant for small and large firms. A knowledge and understanding of the marketplace reduces risk and contributes to understanding customer needs. However, marketing practice is situation specific and dependent on several factors, for example, the nature of the markets served, the growth stage of the firm, the types of product or service offered, and the quality of management. Sophisticated marketing theories frequently have little meaning for the micro business owner-manager (Kenny and Dyson, 1989).

Much of the research into marketing in small businesses concludes that it is frequently underutilized and misunderstood by small business owner-managers. Carson (1990), in a longitudinal study of small firms in the Belfast area, has made a strong contribution to the understanding of market practice in small firms and concludes that marketing is often seen as peripheral to small firms' requirements. This view is partly due to a credibility gap when the small firm obtains sales and profits without planning its marketing activities. Additionally entrepreneurs are not always receptive to marketing unless there is a need for growth/expansion, or profits/revenue level off or fall. However, there is other evidence that small businesses are very aware of the need for marketing, even if they do not always do it (Beam and Carey, 1989). In many instances small business owners perceive marketing as purely "selling, advertising or promotion" (Patten, 1989).

Small businesses typically develop and implement marketing strategies within severe resource constraints, and with day-to-day pressures of business, marketing may seem an unnecessary luxury. However, as the enterprise moves along the growth cycle, the pressure for systematic planning and the associated information needs increases. The added cost of implementing the marketing function must be weighed against the possible consequences of living with a greater level of risk and uncertainty (Kenny and Dyson, 1989). A study of Enterprise Agency supported businesses (and therefore of particular relevance for the research reported here) found that the most frequently cited problems were marketing or selling the product or service, followed by financial control and unsuitable premises. Marketing and selling were more problematic for those with a turnover of less than [pounds] 20,000. Businesses failed because their business concept was weak and inadequately defined, and because the owner-managers lacked the skills and commitment to deliver it (Smallbone, 1991).

Resource limitations are likely to affect investment in marketing. Resources affect the capability of a firm to pursue alternative marketing strategies; can limit the firm in its marketing tasks; restrict market entry to markets where the business has insufficient resources to compete successfully; and can affect the purchase of specialized marketing expertise (Davis et al., 1985; Oakey, 1991; Weinrauch et al., 1991).

Some small firms achieve high growth despite being in sectors where market conditions are unfavorable. Growth performance in small businesses has been found to be related to a number of factors including: a successful product-market strategy; how the managers create and exploit market opportunities and cope with difficulties; a greater propensity to follow a strategy of focused differentiation, and a lower propensity to compete on price. This does not mean that the firm could ignore price, but that price was not the basis on which the businesses sought competitive advantage in the marketplace (Leigh et al., 1990).

This brief review of research on marketing and small businesses suggests that marketing is relevant to the small business sector and could help business founders set up and develop businesses that are more successful. Given that the process of creating a new business is market-driven, that identifying a good opportunity is difficult but critically important, and that success is dependent on a strong customer focus, one would expect small business owners to have a need for and be highly receptive to marketing. However, one must take into account the fact that management problems and practices are utterly different in

small businesses. The managerial techniques which are applied regularly in large businesses are not always appropriate for small enterprises, and especially new start businesses. Stanworth and Gray (1991) point out that in small businesses one person is directly involved in every decision - from everyday issues such as customer enquiries, financial control and production matters, to less recurrent problems such as employee recruitment and rent reviews. Furthermore, in a large business the chief executive has a number of specialists in planning, finance, marketing, etc., all reporting to him/her. Each is an expert in their field. In a small business, the owner has to be the generalist who can see both where the business is going and at the same time look after the operational details. Planning for the future, which is necessary if the business is to survive, has to be squeezed into the time left after essential day-to-day matters have been dealt with (Stanworth and Gray, 1991).

CHAPTER THREE

REVIEW OF THE LITERATURES-PART TWO

3.1 Marketing Mix Strategies and Problems of Micro and Small Enterprises

There is evidence that small business failures can result from a lack of marketing, or poor marketing practice, including planning and implementation (Bruno and Leidecker, 1988). Not all small businesses want to grow, but all businesses need to adapt to changing environments and changing customer needs. Marketing facilitates this process (Carson, 1993).

The business line of MSE activities in Ethiopia is relatively similar. A lack of product diversity, however, is prevalent and as a result, similar products are over-crowding the market. Some Micro Enterprises shift from one product to another, and in doing so, capture better market opportunities. Nevertheless, as soon as the market has established itself, a multitude of further Micro Enterprises start in the same business and this causes the selling price to fall immediately. Furthermore, certain MSEs lack the skill to modify their products, such as handicraft products, pottery, furniture, metal products, kitchenware etc. There is also lack of sufficient range of product designs. Most products that are made available by MSEs can also be obtained from medium-sized enterprises that mostly have market advantages in terms of their size alone.

The following are the most important problems in relation to price. Some MSEs sell at break-even or even below cost. Some of the reasons for selling at such a lower price can be attributed mainly to lack of basic costing knowledge, overhead costs are mostly not calculated as expenses due to the fact that salaries or wages of family members involved in introduction or sales are overlooked as cost product, not knowing the exact earnings from sales separately, during and at the end of the day all family members spend the money earned from sales without recording, manufacturers do not correctly know how much raw material and accessories are required to make one unit of a product. As a result, most MSEs do not know whether they actually make profit or not. They express their success only by accentuating the changes they make. Examples:-installation of new electric and water line, buying radio, cupboard, or other furniture, buying a goat for milking, sending children to school, improving their small house, children eating relatively more food compared to what

they used to eat. In general, MSEs tend to overprice their products, with some under-pricing due to lack of costing skills as well as competition. In some instances, MSEs are forced to sell at any lower price, due to the existence of larger enterprises, which sell similar products with reduced prices. For instance, during peak seasons farmers from the vicinity take products such as vegetables, pepper, seeds, charcoal, or wood to the towns and sell them on common market days. During such periods the MSEs are forced to sell at a lower price unless the demand is higher compared to the supply.

The Micro Enterprises that work in 'gult' areas do their business on the sidewalk or by the roadside. The majority of them sell products such as tomatoes, onions, seeds, 'enjera', 'teff', and pottery products. Traders in this category face problems such as textile products being exposed to too much dust, pottery products are exposed to high risk of breakage, as the result of poor environmental hygiene, food items are spoiled, there are limited market outlets for some products. Some products such as bread, 'enjera', milk and others are sold on a door-to-door basis. In areas where such services are of frequent practice the relatively bigger enterprises must follow the same offering not to lose market share. This makes the competition stiff. In addition, family members with limited business management and salesmanship (mostly children) are involved in the operation of their respective family businesses. In such cases, owners fail to control the daily sales transactions of the business. Most of the MSEs lack marketing skills. There are cases where they buy a product, which is shortly not of constant demand.

In most cases, MSEs have limited means in obtaining effective and relevant data as well as information on market availability that can be obtained from Chambers of Commerce, MSE Development Agencies, associations as well as Trade, Industry and Tourism Bureau. Nevertheless, MSEs have difficulties in getting their hands on adequate data and information. One of the reasons for this deficit is that many of the centers are not within the reach of most MSEs. MSEs who plan without adequate information or with redundant data can find themselves in a situation of danger that cannot be easily remedied!

MSEs, which usually intend to sell in an area far from their location, are curbed in their selling activities due to the limited quality of infrastructure and high transportation costs. Shortage and lack of infrastructure such as adequate roads as well as, telecommunication and electricity facilities are all that prevent effective operation of MSE businesses. This fact results in MSEs being unlikely to sell to distant areas located far from their territory.

Even though most MSEs have a good reputation in a certain community they can easily sell to tri-areas, however, if the infrastructure does not cater for their needs then this will represent an enormous hindrance to selling!.

Problems related to the promotion of products are listed below. Many MSEs Plan on promoting their products, however, their budget is mostly tight .Even though some enterprises understand that issuing flyers, posters and business cards have promotional values, they refrain from undertaking such promotional activities to use the money for other urgent matters. Many MSEs are not correctly informed on how to join their respective Chambers of Commerce, or trade association of their industry. They seem not to be aware of the services that they could obtain from chambers and associations such as issuing journals, organizing promotional events, organizing trade fairs, advertising MSEs' products, upgrading skills, assisting MSEs in finding market outlets, solving general market outlet problems. Certain MSEs that have previously participated in trade fairs fail to follow up simply due to lack of awareness and skill. Most MSEs have the opinion that a mere participation in trade fairs is enough to promote their products.

As is mostly the case and common recognition, "Competition is Cruel!" It implies that some larger companies in relation to MSEs have advantages due to selling at reduced price without reducing product quality using economies of scale, customer-targeting capacity, proper and intensified product/service advertising capacity, good personal contacts and networks, sound Industry reputation, sufficient information regarding existing market and capacity to exploit more market opportunities. Competition is not only between the MSEs and between the relatively bigger companies. There is also competition among operators within the MSE sector itself and between MSEs that are engaged in the same line of business. The latter is what concerns MSEs more than competition from the big companies, because they serve different market segments and target clients. The target clients for the MSE sector in most cases are people with lower level of income and with the need to invest rather on consumption goods/services than making long-term capital investments. Competition among the MSEs is based on capacity to keep quality of product/service to acceptable standards or as per the needs of the customers. Product quality can be achieved through various means such as using raw material with good quality, using improved and efficient production process/technology, proper finishing, and good storage facilities - both for raw material and finished products and use of skilled labour, charging a competitive

price i.e. setting product/service price at a reasonable amount compared to that of similar suppliers.

Price reduction makes sense whenever it is possible for the operator to reduce his/her production cost through any possible means, but without sacrificing product quality. Efficient control over resources such as raw material, labour, tools/equipment, money, time, information, etc. are vital to control costs. The more costs are minimized, the more the Entrepreneur can reduce the selling price and attract a larger number of clients through selection of strategic location where customers can easily be obtained as well as easy accessibility of the enterprise to them, promoting product/service through possible cheap means without incurring a high level of costs, selection of specific target markets or clients that the business can efficiently respond to their needs and purchasing power, level of salesmanship and customer relation. Examples for competition in terms of quality, some bakeries use 'white flour', while others use 'dark wheat powder ' to bake bread. Consumer preferences are more for white bread presently and, consequently, sellers of dark bread loose market shares. What makes this really a bad situation is that they do not even know the reason for the sales decline. Example for competition in terms of price: In the 'gulit' areas the spacing between the selling stands are at a minimum, which invites some smart sellers to adjust their selling prices after hearing the offered prices of their neighboring seller. This enables them ultimately to grasp more clients.

Due to this aspect being very vital to overcome marketing problems, the crucial points that MSEs are unable to meet are manifested by lack of information where the best market areas are located, inability to analyze their respective market, lack of skills to set competitive prices, inability to effectively promote products. The fact is that, in most cases, market studies are not carried out before a venture is undertaken within the market. This is also the case with regard to research, where during the life span of the enterprise no market research takes place. Even though some organizations are helping MSEs to build their marketing knowledge, there is resistance on the part of many MSEs, mainly due to the low level of entrepreneurial awareness. On top of that, the experience of MSEs is confined only to local conditions and they are not well aware of what is going on in other parts of the country. In many cases people responsible for selling MSEs' products are family members, lacking general knowledge of marketing. Furthermore, business and family affairs are intertwined.

Experience has shown that many MSEs refuse or resist attending training programs that

would help them enhance their marketing skills. They consider attending training programs as a waste of time. They rather give more emphasis on not missing a single daily sales opportunity. Many justifications can be given as to why MSEs do not like participating in training programs. Maybe the training is too much offer-oriented (supply-led) and does not meet the priorities of the MSEs, maybe its time schedule is not appropriate or MSEs are not well informed of the benefits the training can bring them.

The experience obtained from a local NGO known as Progynist has shown that the majority of its target MSEs prefers to attend training programs during mornings and evenings as well as on non-busy market days to spare their productive time to conduct business activities. Once the MSEs taste the benefits of the training, they opt to taking further training. It is therefore necessary to make training to MSEs need-based, scheduled to take place without interrupting normal business operations as much as possible and make additional efforts to raise MSEs' awareness on the importance of training. Some MSEs may have the need for retail stores, in order to sell their products, but do not have the necessary retail outlets. In this case, they are obliged to sell products on market days only. In some areas, where soft drinks and beer are sold, the area may be 'dull and ragged'. In addition, consumers prefer going to a better and active area. In such situations, food and local drinks/beverage sellers lose access to the market, with household consumers remaining their only customers.

Several MSEs engaged in activities such as shoemaking, furniture production, metal works, photography, hairdressing and catering might have relatively substantial number of customers provided that they are strategically located and have good salesmanship. However, accessing premises in good locations may not be easy for MSEs. There may be the problem of infrastructure as well as high rent for the premises. In one way or another, it is necessary for the MSEs to find out retail outlets to reach their customers.

In discussing marketing problems the subject of finance should not be overlooked. Shortage of funds discourages the smooth operation and development of MSEs. Even if there are credit facilities, some of the MSEs do not use the money for the intended purpose. They rather divert it for other unintended and non-productive expenditures. Consequently, the enterprises fail to return the money back to the lender on time. This can result in a loss of credibility to get repeated loans when needed most. In order to minimize the impact of shortage of working capital MSEs should be able to have a budget/plan on how to use credit funds most effectively and for the intended purpose and have to be able to save money on

their own for future investment in their business.

During the months of July to September, farmers are mainly engaged in farming activities. Due to this fact, there will be a shortage of fuel wood and charcoal that are needed by MSEs producing local food items such as 'ambasha', 'dabo', 'enjera' and local drinks like 'areki'. In such cases they are forced to use wood shaving and oil cake for fire. The smoke from these materials results in environmental pollution affecting their health. Availability of raw material on credit from some suppliers would be seen as an opportunity for MSEs to overcome working capital problem. For instance, there are cases where cereals like 'teff' and wheat, which are required for production of 'enjera' and 'ambasha/bread' respectively is supplied to the operator on credit terms. Some plywood sellers also give lump of wood on credit to the furniture manufacturers. Yet, the receivables take longer time than expected, mostly after the MSEs suffer a lot from shortage of cash. There are also cases where suppliers consider credit sales only for raw materials with inferior quality. In such cases, MSEs should take care of using such poor quality raw materials, which directly reflect on the quality of finished products

3.1.1 Marketing Strategy

A marketing strategy is about developing a good marketing mix. The elements of the mix are: Product, Price, Place/channel of distribution, Promotion and Person/process. The mix also involves selecting the target client/market, Studying the client with respect to his/her buying motive and behavior, segmentation of the market using relevant bases, evaluating each of the segments, selecting the appropriate segment as target market.

3.1.1.1 Product Strategies

3.1.1.1.1 Product Development

Product development involves decisions with respect to what product to produce, what the design, model, appearance and style of the product should be, what the brand name of the product should be, Comparison of the product with its competitors should also be considered. Thus, one should ask questions like "Can I produce a product with better quality than others do? Can I provide warranty for my products? Can the design of my product be better than others? Can I use quality raw material? Can I label my product?"

An existing product can be modified by improving its features, without altering the benefits to be gained, in order to attract new users or to increase its usage. If the product's lifetime of

the product is on the downturn, then MSEs can look for new target markets and introduce the product appropriately. Upgrading quality continuously is the best strategy to follow, however, only if the micro and small enterprises can afford it. Moreover, with the different constraints the companies have it may be difficult to set such strategy. It is obvious that quality plays an important role to play on getting repeat purchase. If upgrading quality is too expensive, then maintaining the current level is an important strategy. In the event, that the enterprise's products are for sale to customers that are quality oriented then the characteristic has to be satisfying. Some MSEs can develop a strategy of manufacturing broader product lines. This strategy allows to profit from economies of scale, which in turn will benefit customers in getting inexpensive prices due to reduced overhead costs and so forces. In addition, manufacturing a wide or full range of products in different designs allows customers to do all their shopping in one location. This could be applicable for products, such as raw food products, handicraft products, or kitchenware. When planning to develop a new product the decision of which product and design to manufacture needs to be based on research and not just on a temporary demand for a certain product by a handful of people. When the demand for existing products is on the downturn the possibility of changing the design, size, features, or colour becomes necessary in order to maintain sales. Moreover, such strategies require expertise in idea development and technical skills. Establishing brand names can create more acceptability and a brand name can command higher prices. This strategy may work for small enterprises, but not for micro enterprises since it requires some expense and market campaigning. Nevertheless, branding can be applied to products, such as glue, milk and so forth. A narrow product line with more depth to quality is a liable alternative. This can be more appropriate in furniture, photography, hairdressing, weaving, and garment businesses. Creating linkages between manufacturers of raw material and those who process products is a worthwhile approach. For instance weavers can be connected with spinners. Creating linkages between manufacturers and suppliers is a good way for MSEs to attain a continuous supply. For instance, manufacturers of chairs, tables, low bed chairs (duka) etc. can be linked with plywood suppliers. This applies also to those who manufacture cooking pans and caps who can be in touch with the metal sheet suppliers etc. Cutting product lines and focusing on fast selling products by marketing them effectively can be a good approach to reduce inventory on a much more rapid basis.

3.1.1.1.2 Connection between Quality and Market

Marketing has to look into the strategic quality improvement because presently consumers are highly concerned and aware about their needs. An exporting firm can gain better market shares, if it follows consumer requirements and measurements. Support and dedication from the management in quality programs is critical. What kind of products are already in the market of the importing country and how is their quality level? Quality is not an isolated field. It is a recognized guiding principle related also to other marketing mixes. It encompasses different elements of theories. All depending on the product type some define quality as: performance, effectiveness, elegance, fitness, reliability, durability, safety, taste, conforming to standards, uniformity. However, according to the definition provided by the Oxford business dictionary, quality is: degree of goodness or worth; general excellence; unbreakable; high social standard. Some Ethiopian enterprises define quality as: maintaining requisite standards; defect free production; systematic inspection of products.

3.1.1.1.3 Specific Product Strategies

With an effective product strategy a firm is enabled to work fewer hours and make money much easier. Enterprises in developing countries require decisive product strategies that can lead their business to success. Classifying products in terms of different aspects of the market, such as stated below, provides a good basis for setting product strategies. Benefit to consumer, raw material usage/requirement, life span, quality level, brand, packaging design, competition. Whatever the product strategy is that is to be formulated it has to be in line with the buyer's requirements as well as the changing needs of society. In setting alternatives, conducting market research is a valuable tool. Research can look into major issues such as uniqueness of the product; buyer types and requirements, consumption patterns, frequency of purchasing, availability of substitutes. Setting product strategies can help enterprises to reduce any disappearing Birr and minimize the time that will be lost. Enterprises should be keen enough to keep customers satisfied through their product strategy because the most important assets for a business organization are the buyers themselves. However, the strategy should focus on keeping customers happy with the products and with the way they are sold to them. Product strategy that can build clientele and keep loyal customers happy can be termed the best. If an enterprise realizes that its strategies are effective it should reinforce them. In contrast, if it is required to change or modify the strategy to a certain extent after a given time, then adjustments in product approaches should

be made without hesitating. The pay off to revised product tactics based on market research is tremendous. Although there are many successful product strategies, the ones that fulfill buyers' requirements have to be taken into consideration. Some product strategies fail for various reasons. The main causes for failure are when a well formulated product program is poorly implemented, when important steps are forgotten or neglected during planning, for instance if the product approach forgets to take into consideration consumers' requirement and strategizing by giving more concern to the approaches of another companies compared to own intents and goals.

3.1.1.1.3.1 Product Standardization Strategy

Standardizing product has the advantage of minimizing production and marketing costs, which in turn provides a better price option to the buyer. Products with the same standard can be introduced to different sectors of the domestic market. The strategy can give advantages of minimizing production and marketing costs. Despite that, the approach may not be applied to all product lines. This approach relates to products to be sold to different markets that have the same product needs. In most cases, the product is of the same design, taste, size and specifications, except in few cases where it is slightly produced to account for local differences. Standardization systems can have drawbacks in that the product's specification or design may not be compatible to all different areas. In such cases, to enhance the product's usage in many different locations, the application of an effective promotional program becomes mandatory.

3.1.1.1.3.2 Brand based Product Strategy

An enterprise can develop credibility and create confidence on customers through branding. An appropriate brand name is decisive for consumer bondage or the identification of products. The trade name of the product can be used to create a perceptible notion of the product. In addition, it creates a visual impression of the product. Product branding facilitates one firm to be chosen over another by just creating a branding image. The name by itself can act as the firm's spokesman and can keep 'brand loyal customers' motivated. However, setting branding-tactics requires detailed study with respect to the following questions: which brand name to set, which brand strategy is more effective. Which brand type is less costly in terms of promotion, packaging and selling, what are the advantages and disadvantages of one brand over the other. His approach has the advantage of charging premium prices and helping products to sell more effectively. In addition, it helps companies

segment their markets easily for further consideration.

3.1.1.1.3.3 Offering Multiple Choices

This strategy provides the privilege of buying from one enterprise, and thereby saving time and other costs. Some companies could have lengthy ranges of products, which are grouped based on raw material type, manufacturing process or product benefit. Manufacturing a full range of products in various designs and types provides good advantages to buyers, in the sense that they can make their selection from among many product lines, and besides, they can save time in doing so. The approach of manufacturing a broader product line allows benefiting of economies of scale and creating high traffic sales. This strategy focuses on keeping a large selection of products to facilitate a vast assortment to buyers and consequently, to sell big quantities of products and therefore bring success to the business.

3.1.1.1.3.4 New Product Development Approach

New product development strategy has to consider the potential buyer's needs. There could be instances where the temporary demand of a certain product is considered. New product development approaches can be successful when and if based on market research. Some consumers prefer to purchase products just because they are newly developed. For instance, some young shoppers prefer to try out new product rather than sticking to existing ones. They believe that new products are more powerful compared to existing similar products. If the target market is a "yes" type to newly developed products, then the strategy of producing new products will work. These propose can also be applied in the event that the lifetime of the products decline. The product to be developed may not be the best and most sophisticated, but has to be one that appears on the market freshly. New product development has to refer to the original marketing plan and also it needs to examine the following issues size of demand, continuity of demand, price issues, implication of future competition, availability of resources, skills required and investment rates of return.

3.1.1.1.3.5 Customized Product Strategy

This strategy provides an enhanced and more personalized buying option to customers whose product preferences are different to standard products. This approach has to look into aspects to which the buyer attaches more importance. Producing customized products can provide the benefit of offering personalized products, which may not be available in other competing companies. This system provides the option of producing goods that fit a particular buyer. Certain segments of market that do not appreciate buying standard products

have the alternative of going to such companies to buy according to their requirements. The promotional program for selling customized products can emphasize the advantages and benefits the buyer can receive from the system. The selling assertion should focus on things, such as 'made to fit you', 'fits your purpose', 'exact fit'.

3.1.1.1.3.6 High Quality Products

Buyers, who are quality-oriented, prefer to buy from companies who are known in the market as quality leaders or who have 'quality' as their motto. A quality specialization approach provides the benefit of being known in market as a special enterprise, which consequently enables the firm to charge higher prices. Quality-oriented enterprises need to refine and add continuous value to their products, in order to keep buyers at bay. Quality upgrading is the best approach and it distinguishes a company apart from competitors. The tactic has to create a good fit between the product and buyers needs.

3.1.1.1.3.7 Modifying Existing Products

When the demand for an existing product declines, the possibility of changing the design, the size, the features or its colour is necessary. Moreover, the modification of tactics requires expertise in idea development and technical skills. To attract new buyers and to increase product usage an existing product can be modified. This system needs to be considered in conjunction with both the features and benefits of the respective product. Another alternative is to modify the benefits only. However, modifying only the features may not be in the interest of the buyer because in most cases buyer's interests are the benefits he gets from the product itself. The buyer may be ready to pay for an increased price, provided the modification is in line with his needs. Modification assumes prior market survey and it should answer inquiries such into, could the product be modified technically?, how will buyers value the product, what will be the costs of modification are, will the product have a competitive edge, would prices increase or decrease after modification. Existing and new buyers accept will new increased prices.

3.1.1.2 Pricing Strategies

Price is a ratio reflecting the exchange value of a good or a service, measured in terms of money. The following questions may clarify the idea of pricing; My pricing strategy: Should I go for profit maximization in the short-term? , Profit optimization in the long-term? , Minimum return on investment?, Keeping parity with competition?, Fast turnaround and early cash recovery?, my pricing methods should I follow cost-based pricing?,

Demand-based pricing?, Competition-oriented pricing?, Affordability-based pricing?, Or differentiated pricing?. The answers to the above questions will help setting the selling price for each product/service.

The strategy of considering price decreases for market entry can be carefully applied and based on study. However, under-pricing without studying the market can be a dangerous risk. Since a small decrease in cost structure leads to high improvement in profit, the best tactic would be to minimize Costs. With due consideration to the profit margin, temporary price reduction can be used as a strategy to increase sales or to sell products in high stock. Reduced offer announcements encourage customers of purchasing larger quantities. The tactics of decreasing cost would be the safest way to improve profit margins. The pricing strategy has to regard the profit margin. In view of this fact, the volume of sales has an important meaning. Some enterprises focus on unit sales and not too much on profit margins, which can be risky. The price being the most common strategic element of marketing, some related schemes will be outlined below. Offering reduced prices is a valuable tool to attract customers as well as to try a product. However, this should only occur for a given period of time.

Price reductions do not have to be as low as throw-away prices. Micro and small enterprises that are engaged in selling their products to organizations or companies can send price reduction notices in attractive envelopes. This is the cheapest means. A strategy to produce good quality products and charge an appropriate price is a practical approach to pricing. A more practical approach to the micro enterprises could be to produce a lower quality product and charge a lower price. Nonetheless, the market has to be segmented first, since this can be unsafe, if applied to the wrong market. The best and most preferable pricing strategy is to lower costs and consequently to minimize profit margins, which will both benefit the manufacturer as well as the buyer. For instance, if a micro or small enterprise has a profit margin of 10 % and lowers its costs by that extent, it will automatically be able to increase its profits. In this case raising profits by increasing sales would require a 100 percent increase in sales. Offering special store/retail shop discounts to loyal customers is a workable strategy that is also imaginable.

3.1.1.2.2 Managing Prices

Competitive Strategy towards Profitability:-it is only after studying competition that a firm can plan the pricing strategy effectively. The subject of competition is a key point in pricing. In a competitive situation, an enterprise needs to capture any changing demand. During market entry competition may or may not be severe. But after succeeding in entering the market and the business starts to grow, it can face high competition from new marketers. When there is a large market challenge, the firm has to be strategic and has to carry out research, in order to overpower competition. One unfortunate fact that can be observed in certain Ethiopian companies is that they have no time and sufficient budgets to conduct research connected to competition. But the least they can do is to involve sales people to get competition-related information. Sales men are in constant contact with different buyers and certainly hear much about competition. This can save time and provide many advantages. The other option, particularly for enterprises with sufficient resources, is to hire a consultant who has specific business know-how and experiences. Qualified consultants can update a firm with the necessary information on competition in a short period of time. In addition, the firm can contact certain people who know the industry well, as every market place has external experts.

3.1.1.2.3 Competitive Advantage

Competitiveness at a domestic level is seen in terms of opportunities a firm can have, which other enterprises may find difficult to attain. Planning and implementing appropriate strategies can improve the competitiveness of an enterprise in various ways. A firm needs to examine and evaluate its strengths, weaknesses and its present market share, in order to visualize the factors that give it an edge over its competitors. Competitive advantages can be gained and conceived by different means and different sources.

The following may provide valid bases and tools for achieving a competitive edge offering broad and different product ranges, as compared to the products of opponents, fixing attractive prices that could be best achieved by producing at lower costs, having a retail shop in the busiest sites with an empowered sales staff, having chain stores can build a competitive advantage by creating convenience to buyers. However, this approach needs to consider how to employ low overhead costs, maintaining entertainment facilities are a means of obtaining more advantages over competitors. Such facilities offer convenience and ease during shopping and nowadays it is greatly valued by customers as a recreational

activity, presenting a more superior and improved quality of products is an important source of beating the competition, using a well-known brand could be a means of creating a competitive advantage. However, the brand has to be valued by customers in order to build up a worthy image, presenting high-tech and fashionable products can give competitive benefits. Although technological innovation and fashionable products can give advantage, customers who do not find such things of value could resist the high prices that result from these, providing unique products (buyers can accept the cost-plus for the added advantage they get from the product.) Buyers who are not sensitive to prices that are worth compared to other products may give this issue more weight. In fact such buyers take costs into consideration, meaning that they want to get the best for their money and as a result become loyal to those products that are the most cost effective, availing various sales facilities such as return and guarantee facilities. This may require good budgeting and planning, but if applied it can result in good advantages related to gaining a larger share of the market, efficient and fast selling services provide an important competitive advantage over rivals because speed by itself is of value to buyers. Nowadays, customers seek quick services. They get frustrated with delayed orders, and insufficient sales handling. Regardless of whether products are bought via ground logistics or telephone, speed is a very important issue in attaining a competitive edge, having unique and convenient packages can give an advantage over the other competitors who give less attention to the packaging aspect of the product, exhibiting better management and suggesting fine-tuned judgments, focusing on a given market niche is one factor that can be an essential factor in competition. In this case, buyers achieve an advantage, simply due to the fact that the companies can respond faster to consumers in the niche market. Companies with a competitive edge can out-strategize their opponents and win the 'battle' within an industry effectively.

3.1.1.2.4 Dealing with Pricing in Micro and Small Enterprises (MSEs)

Many entrepreneurs managing small enterprises express their view that it is easier for them to develop new products and focus on product strategies rather than to look into pricing aspects of market. As is obvious, focusing on product development and modification is important, but that does not replace the need for looking at price aspects of the market. It is true that the issue of pricing is felt as a painful venture, but we need to look into certain laborious and troublesome issues, in order to reach a higher level. By avoiding some difficult jobs, a firm may lose large profit opportunities. Price is understood as the value

customers pay to acquire a product. It is an important factor in selling. A basic principle is that the relationship between the price of a product and the value it gives to customers has to be fair and proper. Customers know how much they have to pay for their commodities and, therefore, are interested in comparing the value they attained by the product to what they paid for it. In order to carry out a sound pricing strategy, some facts on marketing and simple accounting have to be prepared. The firm needs to calculate costs of operation separately from family expenses, refer to the enterprise's profit objective, study if the product is unique or is available in the vicinity, find out if the plan is to satisfy a certain niche of market or if a plan is still to be defined.

A micro firm needs to have basic accounting practice. Keeping the enterprise's financial records separate from family accounts creates a good basis for planning the pricing strategy. Even if it is a home business, keeping records accurately is important in setting prices. If the firm believes that keeping records is a waste of time and space, in addition to having difficulty in setting the price, this can result in chaos and bad relationships, especially with regard to the following organizations and individuals: the insurance; share holders; the bank; creditors.

3.1.1.2.5 Price Testing

Setting price without prior testing of its impact on sales is risky. It is therefore much safer to test the effect of the price on demand, competition, movement of market shares, acceptability of the product, quantity of sales. The method therefore needs to be tested at a modest level before spending time and resources. Such trials can give the company an opportunity to understand potential reactions of customers, evaluate if the pricing approach will pay off, learn how the domestic market works, discover competitors' reaction.

It is much better not to launch a new product before testing and considering a good price choice for the buyers. Market testing for price setting can consider different steps as illustrated in the following list: setting prices, performing promotional programs, interviewing relevant buyers, collecting data and information, seeing competitive reactions, analyzing results, revising prices. When testing different products for price setting aims, some products can be more price sensitive compared to others. In most cases commodities such as medicinal products could be low or non-price sensitive. In contrast some lavish consumable products can be more price sensitive.

3.1.1.2.6 Price Comparison

Buyers are likely to compare prices of similar products. Some intense buyers even compare product prices of one and the same firm in different locations. Selected buyers base their purchasing decision on prices only. Some of the common blunders that are made by some enterprises are that they fail to differentiate the true relationship between the so-called 'existing product' and 'substitute product'. A firm can positively stress its product's advantages over that of competitors, but if it be little competitors, especially over the media, these may back fire on the firm, buyers can discredit the firm and confidence is lost. In addition, during price comparisons and explanations to the buyer it is inappropriate to bad mouth the competitor's product quality versus its price, disparage the competitor's costing structure, underestimate the competitor's pricing system. When a firm compares prices of competitors, checking the unit price only is insufficient because all terms and conditions of sale have an impact on the price. A quotation with a reduced unit price does not necessarily make a seller stronger. In many instances a competitor's high price quotation can be justified for reasons such as promising quick delivery; providing assistance in transporting or moving matters including maintenance service for a period of time, supplying additional spare parts and auxiliary goods.

3.1.1.2.7 Pricing Unique Products

The definition of uniqueness should be based on the customer's needs. Some buyers expect and look for distinct products with unique colors, designs and features. There are certain categories of consumers who want to purchase unique products. Customers accept a higher price for unique products, but only if they value and accept the uniqueness. The increase of price to be made has to be equivalent to the difference it provides customers with, as compared to that of competitors. Product uniqueness could confuse some enterprises because it does not take the features of the product into account, but rather the buyer's requirements and recognition of its exceptionality as well as the potential of the product to satisfy this group of people. If buyers do not perceive the product as being unique, then a higher price cannot be considered because buyers will not recognize the reason for the additional charge. However, such distinct products, which are not in market, are mostly manufactured on order at a considerably higher price. This type of pricing strategy may lead to only a small percentage of buyers. In some instances the high price in itself may be one factor to classify the product as being unique. It may seem contradictory, but there are

buyers who perceive high priced products as being unique. They prefer to buy products with higher prices, with the assumption that the product will be bought and owned by very few high-income groups only. To this type of buyers the high price is a sign of pride and it gives them a sense of worth. From the sales point of view, this approach needs to consider the fundamental importance of appropriate promotion. It is necessary to publicize the uniqueness of the product to different potential consumers.

3.1.1.2.8 Pricing for Quality Products

For the price to be acceptable to buyers the product has to prove its quality in appearance and precision. Based on the awareness and vision of customers, if quality is upgraded, then the seller has the opportunity of increasing the price. In most cases the product's quality is only tested by the customer when it is tried out at home or elsewhere. This is because most products cannot be tested at the point of purchase. Therefore, the high price should prove to the buyer that the product's quality is consistent throughout its entire life cycle and not only during the purchase time. If the price for the quality of the product is appropriate, then there is a good chance of the product achieving repeated purchases. Considering all the advantages of producing quality products, investment in quality improvement is always useful. If an enterprise has confidence in the quality of the product it sells, then it can give a 'Quality Guarantee' to its buyers. Customers' value guarantees towards quality assurance because they aim at obtaining products that are equivalent to the value they pay.

3.1.1.2.9 Location focused Pricing Mode

The prices of products sold in places where there is a high frequency of people can be higher because the situation of moving buyers is different compared to stationary buyers. Examples include tourist products sold in tourist areas and churches can be more expensive compared to the same product sold in other shops, food products and beverages in airports can be more expensive compared to other places. People in airports are on the move and consumption cannot be postponed, therefore, the seller can use this advantage to sell at a higher price, higher prices may be charged for products with no alternatives in a given area and within a pressured time. Whereas lower prices may be paid for the same product which is available in other areas and where there is no need for immediate consumption.

3.1.1.2.10 Time based Pricing Strategy

The demand for seasonal products is time-based. During the high season, the price of a product becomes elevated, and as soon as the season ends the price is discounted. For

instance during the rainy season, it is obvious that raincoats, umbrellas and winter shoes will be in greater demand and as a result of that the price rises. When the season comes to an end the price will drop. In some retail shops products are even removed from the shop at the end of the season until suitable weather conditions return. This situation is also common in small shops around Merkato (market place) in Addis Ababa as well as other localities, where they only have a small area to display the products. In conclusion, when the demand for a product peaks, prices rise higher; however, buyers will certainly still buy them at that price.

3.1.1.2.11 Bulk Purchase Pricing Methodology

The strategy of undercutting the ruling price aims at achieving a higher volume of sales, but with lower profits from each product unit. Pricing that considers volume purchasing is a policy matter to consider. This strategy is mostly applied in large supermarkets and chain stores.

3.1.1.2.11.1 Payment based Pricing Scheme

Most enterprises prefer to charge a lower price for cash payments as compared to sales on credit. Such a pricing strategy may be more effective to those business organizations that enter the market at a late stage. In some cases when the products are of high value, a market study may reveal that the quantity to be sold will be lower, if the sale is carried out on a cash basis. In such events, the alternative of selling on credit can be considered, in which case a higher price can be charged. The objective of credit sales is obviously to stimulate sales and simultaneously to make profit. The marketing and finance fellow managers have to consider this issue together with the company goals and objectives. The issue of allocating higher prices for credit sales requires a solid financial decision.

3.1.1.2.11.2 Captive Pricing

This strategy considers the price of the major product with a view to future sales and in relation with the complementary product. It predetermines the role of the complementary product throughout the entire life cycle of the main product. This option is not easy. It requires considerable planning and experience. Since pricing is dependent on many factors, enterprises need to make a comprehensive study of consumers' response on this choice of price. An enterprise can stretch out its profit objectives on the price of the main and complementary products. The price of the main product is minimized with the assumption that the sales turnover of the complementary product will be fast because of its consumption nature. For instance, the purchase of a computer ink-printer may be repeated only

after a long period, while purchase of the ink refill may be bought more frequently. A similar case is evident when purchasing toothbrushes and toothpaste. A buyer purchases a toothbrush only once in a while, whereas he buys toothpaste more frequently. Similar cases are the purchase of razor and the respective blades, computer and software, camera and films. Therefore, this theme considers a secondary revenue outcome. In the event that the enterprise also sells complementary products separately at high prices, the sales turnover of the complementary products could be slow. Consequently, the potential sales of the key products may well be depressed. Therefore, the enterprise has to be aware of its customer's reaction to the prices of the corresponding product.

3.1.1.2.11.3 Pricing Method to reduce high Stock

A price decrease can be suggested for products available in high stock. In the event that demand does not match the supply, short-term time customized reduced prices can be used to clear inventory. If appropriately applied, the decision can merely avoid an 'over-stocked warehouse syndrome. 'Before proceeding to allocate reduced prices for products available in high stock, the following points have to be considered and analyzed: market situation and competition; characteristics of products; cost of maintaining high stock as compared to the benefit gained by selling at a reduced price; advantages that can be obtained by clearing the store area. Although stock holding is important in domestic sales (depending on the type of product), products stocked for longer periods can incur the following problems high carrying cost, high insurance charge, danger of damage, risk for obsolescence.

3.1.1.2.11.4 Bundle Pricing as a popular Method

Some customers call for and are enthusiastic to buy products as a package. This choice allocates a reduced price for every increase in the quantity of a bundle. The enterprise should calculate and set the maximum price reduction that it can afford. Selling in bundle can bring positive price elasticity provided the decreased price is valued by customers versus the advantages they can profit from by buying in bulk. It can also be organized by selling the first product at full price and the second one then at a discounted price. It is an indirect price incentive to customers. The primary focus of this strategy lies in sales maximization by selling in large quantities, with the objective of attaining higher profits in the long-term. If the market reveals that selling in a bundle decreases the sales quantity, then this strategy is no option.

3.1.1.2.11.5 Market Penetration Pricing

Before announcing the actual market penetration price, intending to enter the market on a large basis, some market factors have to be examined. After setting market penetration price and once started selling, continuous market survey should be done to assess market movement and consumers reaction. In the event the survey result justifies an increase of price, the addition has to be equivalent to the product's value to consumer versus competitive products. This approach requires careful assessment and analysis because if low prices are allocated, then the profit margin of the enterprise can suffer. In addition, many micro and small enterprises may lack cash to sustain their businesses for some time.

3.1.1.2.11.6 Pricing for Products requiring quick Delivery

The price for shorter delivery time could be higher due to extra cost. Therefore in most cases higher price for urgent delivery is justified and buyers are willing to pay more money to get the product on time. When quoting higher price for delivering faster, there are many costs that will be involved. It is advisable for firms not to assume that the buyer understands the extra costs that will be incurred with quick delivery. It is better to explain to the customer why the costs are higher compared to the regular delivery.

3.1.1.2.11.7 Pricing for Products with high Availability

The method focuses on selling fewer products at a higher price. It focuses on the fast selling products by displaying them in the front shelf. This provides easy access to buyers who purchase for emergency purposes. Besides it gives preference to purchase from which the buyer has personal relation such as friendship. The high price that this choice poses is paid for, availability whenever needed, handiness of quick service, accessibility in a near by locality preference to purchase from which the buyer has propinquity relation. This type of pricing strategy is more appropriate for products such as, first aid effects, food products, medicinal products, baby need, cigarettes, beverages especially alcoholic drinks.

3.1.1.2.11.8 Discount Pricing

Price discounting is one approach that can be a means of encouraging people into purchasing, especially those on board of buying. Using a reduced price as an incentive can work better when applied after completion of buyers' requirements. Besides, this approach can be applicable when there are newly developed products or when a rapid technology change exists. Discounted allowances can be carried out in various different ways. One choice would be to allow reduced prices for specific products for a longer period of time.

The other option would be to discount prices of all products, but only for a very short time. Some people only buy because products are on 'sale'. But some people do not only want to see prices cut, they also attach importance to the realization of delivery promptness and quality prerequisites. Therefore, in such instances the price strategist has to simultaneously consider the buyer's requirements. The wider the price gap between the regular and the reduced, the more buyers are attracted into purchasing. In fact, sometimes there are buyers who search for low prices even with bizarre standards. It is sometimes hard to make new claims about existing products. But, a price reduction program provides an excuse and opportunity to say something new about a product and to bring products once again back to the display site. The responsibility of offering a reduced price can be divided among the various sales authorities within the retail or wholesale shop, whereas a larger percentage discount can be limited to the authorities at a higher level. Allowing discounted prices requires more vigorous handling, honesty and integrity. Delegating the sales force to offer reduced prices has advantages and disadvantages. The advantages include the sales person has direct contact with the buyer, and the sees buyer's situation in accepting or rejecting price, therefore, his decision can be more correct, some buyers are large quantity purchasers, in which case, they usually ask for a discount directly at the sales transaction, the sales person can be more aware of temporary competition in which case his decision on prices can be valid, in some instances, giving certain discount authority to the sales person is an incentive by its If customers feel confident to see that the sales person has some level of authority on pricing rather than saying, "I have to consult my manager/supervisor."

The disadvantages of delegating sales people in a shop to give discounted prices are, if the incentive is based on the sales quantity, then the sales people will be tempted towards making more discounts than necessary, in some instances, such delegations could lead to dishonesty and a lack of integrity, some purchasers who know that the sales person has the authority to make discounts may continue to pressurize the person to further reduce the price, some sales people lacking negotiating skills may end up giving too low prices that yield too little profits.

3.1.1.2.11.9 Pricing Tactic by decreasing Package Size

Whenever there is a need to decrease the packaging size of the product, customers need to be informed. If consumers feel cheated, it may result in an unfavorable reputation with negative consequences on sales. Public outcry is the most dangerous and worse case

scenario in marketing. However, the strategy of decreasing packaging size can also be appreciated by buyers, since they will trust the relation between what they consume and what they paid for. The strength of this strategy lies in its capacity to convince consumers that no waste of material was used for the money they paid for.

3.1.1.2.11.10 Customary Pricing

Some enterprises manufacture products that are already introduced into the market, yet that might be new to that particular firm. Such companies find it difficult to introduce a price profitable enough for their companies and also acceptable to potential buyers, due to them being familiar with equivalent products. Besides, the fact that these companies have new investment costs makes it is difficult to sell at lower price. The cost of introducing new products is relatively high. For products that have already entered the market the firm might be obliged to set the same price as competitors because consumers have been paying that price for a longer period of time. If the firm aims at selling the product at higher price, then it could be difficult to find buyers easily, although there could be buyers who enjoy trying out new products. On the other hand, if it starts at lower price it could face problems with competitors.

3.1.1.2.11.11 Pricing for increased Rate of Return

The system focuses on a minimal profit and covering the costs of the investment with less risk. This approach may have some pros and cons in relation to price wars. Enterprises that are cost-oriented can apply satisfactory rate of return method of pricing strategy. However, cost pricing is not a measure of market value, since it may not consider the product's value to the customer. In setting a price that provides satisfactory margins the following costs and market factors should be considered: competitor's price, breakeven level, commission to agents, expected profit at satisfactory rates of return.

3.1.1.2.11.12 Pricing for Products with Minor Defects

Before outlining the pricing approach that should be followed in relation to products with small defects it should be mentioned that sellers have to know beforehand what the country's law states with respect to the sale of such products. Please note that this issue does not by any means refer or relate to dangerous or unsafe products or to imported second-hand or defective products.

The topic implies to products with small defects such as a missing button on a dress, defects in packaging material, slight colour changes of the thread, petite defect in the zip etc. Since the main subject of this section is how to price products with minor defects, some points that should be considered in pricing decisions will be considered in the following. An enterprise needs to study if the law permits the sale of such a category of products in its defective condition, check the fairness and safety of the products with minor defects in connection to consumers rights when selling, investigate the possible reaction of potential buyers, examine the possible liabilities the company has to shoulder in the event of the defective products causing material damage. However, if the price is not low and attractive, the buyer's preference could shift towards buying a new product at a higher price, unless a shortage of supply exists and purchasing power is low. The only advantage customers get from buying such products is the low price. Why should they otherwise prefer to purchase goods with deficiencies?

3.1.1.3 Place of Business and Channel of Distribution Strategies

The place refers to the MSEs' location of the business and the channel of distribution chosen to reach potential customers. One should ask questions like: "Can I get a proper business location not far from my customers and not too near to my competitors? Can I get proper premises with reasonable price/rent? What should be the channel of distribution?" Distribution is the physical movement of goods through a system called the value chain. Distribution channels include wholesaling, retailing, mail order, catalogue sales, telemarketing, contracting, or working through brokers.

If the number of handled steps is much more than a product should be handled, the product could be easily damaged. Accordingly, the strategy should be to handle only one merchandize at a time and to treat it delicately. This can be applied especially for perishable and restaurant products. Product storage has to be appropriate. Due to the nature of the micro enterprise's market area, rats, insects and other rodents can be expected, in which case the products have to be protected from damage related to this problem. Establishing an appropriate distribution network is necessary besides it is also tactical to give the enterprises' product literature to the distributors, if any is available. Distributing in gross deliveries to other outlets is a tactical alternative. As is the case with bread merchants and glue factories, it is preferable to sell bread to breakfast serving houses respectively glue to shoe and wood companies. This approach can bring forth advantages, such as getting cash money, selling in

larger quantities and saving time.

The system related to the receiving of orders has to be designed in such a manner that the order can be processed as soon as the customer places one. Customers having to wait for an order to be processed with staff doing something else leads to a bad customer relationship. The bread, 'dabo' and milk business enterprises can distribute door-to-door instead of selling in-house. There could be some consumers who prefer these products to be delivered to their houses. MSE operators are not in the position to directly improve the situation with regard to their poor infrastructure. The relevant government offices can effectively handle this issue. Since this topic is important, the service providers should play a role to that effect.

3.1.1.3.2 Packaging Strategies

Packaging is a competitive tool and an important factor in strategic marketing. The use of appropriate packaging can improve sales and transporting aspects related to the product. Therefore, setting packaging strategies is of importance. The packaging strategies for MSEs have to be very much cost oriented due to the limited access to finance they have. Some strategies will be discussed below.

A strategic packaging container would be one that can communicate a message of quality, convenience and reliability. In the event of the enterprise considering a new packaging, a strategic container will be the one that can be used over a longer period of time. This is due to the fact that constructing a new one can be an expensive venture for MSEs. A package, which has a relevant design on the container, is an expressive receptacle. The design does not have to be an expensive one. The packaging should have a relevant graphic design on its outside. With respect to the MSEs the design need not be expensive, but should be one that can convey the 'Quality Message '.

3.1.1.3.3 Branding Aspect

As mentioned earlier some buyers are impulsive and make their shelf choices quickly. Hence, the brand mark has to be clearly written. Most buyers in developed countries are brand-oriented. Manufacturers have to give much consideration to the quality of the product and equally good consideration to the branding. In most cases it is difficult to try or taste the quality and standard of a product at the point of sale. Therefore, buyers concentrate on brands of packaging or label design.

3.1.1.3.4 Transport and Protection Aspect

A product intended for export markets has to travel a long distance and changes in atmosphere. It passes rigorous climate, various rail, sea and air conditions. Hence, the protection function of the package requires serious attention. An exporter has to study the transportation means and condition of the expected voyage. It is necessary to introduce an appropriate packaging to reduce damage, theft and material handling during physical transportation. For example milk, butter and oil are more exposed to damage and theft compared to other products. If the target market appreciates reusable containers then developing a suitable, portable and reusable package will likewise be appropriate. In the case of competition being stronger in his packaging, then before a new container is developed it is necessary to analyse the competitor's packaging situation.

3.1.1.3.5 Packaging Legislation

Nowadays, there are several issues on solid waste and they are becoming important agenda in international trade because of their implication in global competition and also because it can be a trade barrier, especially in the case of food and beverage products. Lack of important target market knowledge can lead to serious consequences. Some of the end results can be the rejection of products and the formation of a bad image. Certain packing materials could be totally banned or restricted because of certain ingredients in the material. Presently, importers and even some final consumers are conscious of the various different types and quality of retail packaging. Certain countries give great attention to the rules and regulations concerning consumption products such as food and drinks. This is because poor packaging can directly affect the health and safety of the final consumers. Some countries require the weight (both net and gross), the specification listing of ingredients, colour, method of usage and size to be written on the label clearly.

3.1.1.3.6 Sales Strategies

An analysis of the marketing segment could be carried out to identify the target customer and to get to know how best to appeal to the respective customer. Some strategic elements are recommended below. Most MSEs may require retail stores to sell their products. Although, location means a lot in retailing, a viable location usually costs a lot. A small shop with an attractive set-up and front can be a good selling location. Establishing a retail shop is a necessary activity, but it is not easy. Joining chambers and trade association can help in doing so. The study notes that the attainment of retail areas can be enhanced in its

processes by using chambers and associations, as compared to a single micro or small enterprise operator on his/her own. If the vicinity markets are not large enough to support daily sales, then the whole sales strategy can be an alternative. If sales staff is not trained in handling customers, they are up to shift to other firms. Even window shoppers can be potential buyers. Therefore, sales forces need to cater also for them and show them that they are also interested in them as customers. However, this issue should be handled very carefully. Building client is the best way of keeping customers loyal to micro and small enterprises.

Avoiding giving away the store to family and social visitors is crucial. Other wise, over a period of time, a good amount of profit will be realized with every visitor consuming part of the products that should have been for sales. Selling in collaboration with highly visible and well-respected supermarkets or distributors is a further alternative. In such cases buyers do not ask whether the products are of good quality or not. They assume that the product is of good quality, which is connected to the high profile of the partner. This does not however imply that the MSE that uses this outlet should offer low quality products as this would have a negative repercussion on the supermarket which it uses as an outlet Therefore; this approach can boost the enterprises sales and attract more customers. An example of this would be, if we could take the 'Meskerem' supermarket or 'Fantu Gebeya' as well known supermarkets and allow micro and small enterprises, that sell things such as kitchenware, pottery products, handicraft, small furniture, shoes, or woven products, to place their products in the shop and indirectly introduce their products, need not compete with the supermarket products. If the market place is regional, then the products can be distributed or promoted by means of a compatible retailing shop that is also regional. Assigning a sales person with good communication skills is good selling tactics. Socializers sell by means of building friendships. Although friendship is an integral part of selling, the product should be the right one, both in its performance and pricing. It is important and basic for micro and small enterprises to attain superior performance in handling customers. It does not cost them much. Quick and easier sales can be reached by selling on a gross or bulk basis. However, it has to be noted that the profit margin can be thin. In such cases, the selling strategy should include tactics on how to introduce efficient selling systems with a minimal number of staff. The scheme should consider how to make collection control more efficient, how to make credit sales system tighter, how to maximize sales volumes so that overhead costs can be spread reasonably.

3.1.1.3.7 Strategic Location of Sales Shop

As a retail shop is an essential linkage within the marketing channel, the location has to be chosen strategically. Even if it is a micro or small enterprise the location is a deciding factor. The premise can be chosen by making a comparison analysis between the costs and benefits to be gained. Before choosing a location for the retail shop carrying out simple research concerning the potential buyers and the nature of the product could be advantageous. The study should identify the following, the type of potential buyers (attitudes towards the product and habits), the product type (e.g. durable, perishable, for low income, for adults, for girls), whether the product or service is in high competition or not, the method with which, the retailer intends to attract the purchaser, the period of time in which, buyers prefer to do their shopping. Based on the result of the above research, the shop location can be selected by putting some criteria, such as the ones cited next:- if the product is consumable, such as food and beverages the shop can be located in residential neighborhoods, if the product is meant for student consumption, then the shop can be located near schools and universities, if the product or service is aimed at tourists, it can be any busy location of interest to them, if the service is for young girls, such as hair dressing, the shop can be located in areas that can be reached easily and comfortably, if shoppers are from the upper class, the best location for the shop may be in a clean and safe area, if many competitors are situated in the same area, then this may be an advantage or disadvantage, all depending on your products and buyers .

3.1.1.4 Promotion Strategies

The role of promotion is to facilitate exchange between product/service providers and customers. Commercial enterprises are concerned with attracting customers. Different types of enterprises will have distinct promotional mixes utilizing a variety of promotional methods. The major promotional mixes are as follows: Advertising: is a form of impersonal broadcasting through commercial mass media. Advertising is the pervasive form of promotion because it is one form that captures our attention. Sales promotion: is a term used to imply an activity that is specifically designed to induce sales by enhancing the value for the consumer. This value may be created through volume discounts. Publicity: is the result of public service announcements or news generated through media. Newspaper articles, recognition in public affairs, magazine stories and talk-show interviews. People:-The person (i.e. the entrepreneur) should be competitive enough in terms of practical abilities needed to produce the product/service, business management skills, personal characteristics and

situation, commitment ,motivation and taking risk.

The very definition of promotion in a dictionary is 'to further progress', 'to rise to a higher grade', 'to take steps for the passage or formation of'. Likewise, the very definition of promotion in marketing is 'marketing activities designed to stimulate the customer's purchasing needs. It is one of instruments in the marketing mix that is designed to remind and persuade customers into buying a product or service. Exporting requires more than the traditionally used promotional schemes. Planning for personal involvement that can keep the firm in touch with quality customers is an important tool. The promotional mix encompasses advertisement, public relations, personal selling and sales promotion.

3.1.1.4.2 Approaching Potential Buyers

In promotion, "Trade mission" has an important role to play. After undertaking market research and potential buyers are identified, a visit to the market area is an effective strategy. During the visit, make sure you are equipped with all-important promotional tools such as: business cards; brochures; samples; video tapes; order slips; export and investment policies. When necessary prepare "product kits"for demonstration purposes. Buyers could be more convinced when product demonstration is done. When visiting the potential buyer's manufacturing location, please dress appropriately. Personal participation is important, at least until the business stands on its own feet.

3.1.1.4.3 Promotion through Demonstration

Customers want to try and test some products before making purchasing decisions. Importers prefer that a demonstration program be set to see the quality features and benefits of the product they plan to buy. In such cases, demonstrations can be effectively implemented to convince buyers. Consumers prefer to test that the product they intend to buy is in line with their expectations in terms of quality, precision and functionality. Product demonstration as a promotional tool will be seen from different aspects; and to this effect a few points will be discussed below. Some people are more sensitive to what they see and feel in comparison to what they only hear and demonstrations allow clients to assess the product using all senses. Distribute samples and brochures during the Demonstration. Try to make the presentation short and precise. Avoid making it complicated and difficult to understand and use the buyer's effectively. During the presentation it is not all about talking, it is also about listening as well. Listening to buyer is an asset. Allow the audience to whom you are demonstrating to ask questions to clear doubts and to express their expectations and

needs. Discussions during demonstrations allow the sales person to understand the potential customer's special needs and expectations, which leaves the customer additionally feeling respected. Besides, your appearance during demonstration is also important. An appropriately dressed and groomed presenter grasps the attention of the audience. Try to make the presentation personal. Refer to the buyer by his name or that the company was able to achieve a positive result. The customer should be given the feeling that you are there to inform him, show him the product, answer his questions and listen to his opinions. Video or web page promotion in marketing is becoming popular nowadays and it is becoming more convincing too. Buyers like to be able to see how manufacturing methods and arrangements of products work. This type of demonstration is very effective when it is done for an association, a large company or a group of organized customers. If the company can afford to provide a videotape that demonstrates product operations appropriately, then it will undoubtedly make the presentation effective. People analyse what they see in the videotape or on the web page. Demonstrating is common during trade fairs particularly for manufactured goods. Trade fairs have a large influence in motivating buyers. It is an important promotional tool and is a means of exposing MSE products to potential buyers. Organizing trade fairs is expensive and can therefore only be accomplished with the assistance of MSE business development organizations. Through trade fair product sampling the product can be actually seen and operators can meet customers face to face, since, as is said, "seeing believing." There could be products of MSEs whose customers have not yet been ascertained, due to the micro enterprises being mostly located in squint and distant areas. A trade fair creates a platform for distributing flyers, brochures and other forms of literature. Event participation is also an effective tool and could be a relatively cheaper scheme. In some cases, sending staff of enterprises to assist in the event could suffice, if the firm does not have a budget for this.

3.1.1.4.4 Demonstration Pack/Kit

A demonstration pack is a kit that contains few tools to illustrate or present the product. Depending on the product intended for presentation, the demonstration kit can contain: product sample, catalogues/flyers which explain the product's quality, price, customer service and means of distribution ;,business card, testing tools such as scales, tensometers, solutions, dolls and anything relevant to testing the product, coloured product photos, product information with video tapes or slides, client testimonial letters as a means of

reference, . promotional literature with usage and competitive advantage tips, . any motivational materials such as gift products.

3.1.1.4.5 Telephone Handling

Telephone Handling is part of personal selling. When a customer calls and he is confronted with difficulties in contacting the firm he becomes discontented very rapidly. Some even conceive the firm as being negligent and unskilled in handling business. The telephone has to be handled efficiently. A telephone that rings for a long time is frustrating to the customer. More so, if the call is received and the customer is made to hold online for an extended period it is equally bad. Staff assigned to answering calls should clearly understand that they are there to assist callers who are key factors for the company's existence.

3.1.1.4.6 Promotion through the Internet

Although some organizations may not want to use Internet promotion, there are instances where they will be forced to use them. Once the target audiences are set, the program can be focused on the target market in a manner that will interest and attract them. Through Internet usage business organizations can easily achieve the following, create communication between the company, potential buyers, distributors and agents, feed buyers with all relevant sales information, . encourage buyers to order through the network system. Promotion through the Internet is easy and fast. However, it is equally, easy to give a bad impression and to damage the reputation of a selling company. Nowadays, business based on the Internet is growing faster than ever. In relation to telecommunications development the Internet and its mobility will dominate. By means of the Internet issues such as those mentioned-below can be discussed and transmitted .,company product ranges,. how to get products,. contact details of agents and distributors .,price and payment facilities,. stock availability, delivery options, time required for delivery, product specifications, designs and levels of grade, shipping costs, opinion of customers, alteration of sales conditions and order placing. Some surveys indicate that access of African countries to the Internet have risen over the past five years. The figure of 1998 indicates that presently many African countries have access, among which 44 African countries have full access in the capital cities.

3.1.1.4.7 Promotion through Flyer or Brochure

Developing a flyer is also an important promotional approach. Although a flyer can be smaller in comparison to a brochure, it should contain all the important facts that will help market the product. A flyer has to communicate values; pass the required message on, be

attractive. Whatever statement is in the content it has to be substantiated. The flyer has to illustrate the product and its packaging design. Sometimes customers are good sources of evaluating the flyer before it is printed and distributed. The need for having a brochure is higher in international markets in comparison to domestic markets. The brochure has to entail some sort of creativity, so that it will attract readers. A brochure has to match international standards, although issuing a good brochure is expensive. Consumers assume that, if the brochure has first class resemblance, then product is it too. A brochure should exude confidence to buyers and pass a message that the product is qualitative and that the company is honest in serving its customers. One of the objectives of offering a catalogue to a customer is to help him look into points that can guide him into deciding to buy the product. The brochure has to communicate values, convey positive messages, be attractive, informative and easy to read, assist customers in seeing what the business looks like. The brochure has to be in the language of the target market and the usage of jargon words that cannot be understood should be avoided. Adding concrete manufacturing data that may interest customers are helpful. A catalogue that does not explain functional features and benefits of the product is ineffective. Avoid using laudatory expressions and statements. Customers that are short of time refer to brochure. Brochures are one of the best means of promotion; however, it has to be the right brochure. When considering the high costs of the “first-rate” catalogue, also consider the issue of saving because it encourages and motivates the audience into closing sales. The brochure has to consider the following compelling and important marketing issues, attractive cover page, company’s name and logo, including testimonials, using photos and including effective slogans.

3.1.1.4.8 Buyers Visiting the Exporter’s Firm

In many instances, buyers prefer to visit manufacturing locations before placing an order because in some cases samples do not tell the truth about mass production. During the visit, international buyers like to clarify the following issues for themselves, the product mixes, sizes and colours, the quality standards, the operational efficiencies, the manufacturing capacities, the skills of the staff, the organizational capacities, the shipping efficiency. During the discussion with the buyer, the firm should not 'bad mouth' any competitor. Stressing one’s own capability and superiority is the best strategy to take. All questions should be answered and they should only leave the enterprise with a trial sample and a brochure to take reference.

3.1.1.4.9 Office Setting

Promotion through an appealing office is a connection of memory between the seller and the buyer. In addition, office decorations have to be relevant to the business. Avoiding impertinent office adornments is wise. Office personality is a selling strategy. The image of a company's product is advertised by doing business in a presentable office. A business organization with a satisfactory working place will be accepted more. The appearance of the office entrance is critical because foreign customers always get a first impression as they arrive. Designing an office is part of personal selling. The way an office is designed or decorated has an impact in sales. However, the firm does not need to use expensive furniture, but presentable ones. It is undesirable to have an office with; display panel full of dust, torn curtains, broken taps in the washroom, dark and dusty offices, no fresh air. The above-mentioned conditions send a message that gives the impression that management is not at all concerned. In addition, it provides an impression that staff members have a careless stance towards the business organization. The consequence is that buyers lose confidence and refrain from doing business with a management who is not serious towards the total concerns of the business.

3.1.1.5 Strategies in Relation to Quality

The objective of a business organization is to create goods to satisfy customer needs at a profit; and these needs can be satisfied if consumers get the right quality products. With more consumer satisfaction there could be higher demand for a product and consequently, more efficient utilization of resources. If the quality of a product is not good, then it may be rejected. Quality is related to the success of an entrepreneur because, a product with quality can create satisfied customers, facilitate volume purchase and easily bring repeat purchase.

In the past changes in market preference were not frequent. Nowadays, however, market changes very rapidly reflecting the changing needs of consumers. Research works by the American Productivity and Quality Centre note that happy customers spread good news to about five people while, unsatisfied buyers spread the bad news to about nine to twenty people. There is a saying that, "bad news travels fast."

3.1.1.6 Strategies with Regard to Training

MSEs need to receive regular training on how to :develop business ideas, carry out simple research, attain a better reputation, attract and satisfy customers, get known in the market, fight competition, use credit facilities and any other funds, costing for finished

products and set sales prices. If the budget allows, during the training period covering about 60-80 % of the expected sales value could be used as an incentive for participation. Nevertheless, this strategy should be employed only for a given period of time and with a purpose of encouraging MSEs to attending the session and benefiting from the training.

A comprehensive and continuous training can be provided on how to use money efficiently and on how to correctly invoice the money earned from sales. Besides getting knowledge, training sessions have the advantage of facilitating MSEs into sharing ideas and discussing how to overcome problems. In the event that some MSE owners cannot understand the training to be provided, teaching their adult children can be an alternative, since it may be much easier to change the attitude of young children.

3.1.1.7 Strategies in Relation to Competition

Almost all micro and small enterprises have competitors. Therefore, the enterprises have to strategically stress their strengths over competitor offers. For instance, if one enterprise has lower costs in comparison to its competitor, then its pricing strategy can be based on selling at lower price. If the MSE has a broader selection of goods as compared to its competitors, then he/she should emphasize this issue and take advantage of more sales. If the competitor's store area is unattractive, a strategy can be set to make one's own store more attractive for potential customers. In this way competition can be beaten. Joining chambers and trade associations is one way of interacting with competitors and learning how successful enterprises do business. If the enterprise suffers from different rivals, it could use a strategy that provides it with a competitive advantage over others as part of the sales deal. A wiser strategy would be to try to be good in some competitive areas. MSEs need to select a few areas, in which they can excel in the competition, since it is difficult to be good in all areas. If competitors sell on a door-to-door basis then those who have no buyers at home can develop delivery to "x" buyer's premise. The strategy has to look into aspects that the buyer cares about. The best strategy would be a strategy that separates micro and small sized enterprises from its competitors. The issue of getting data and information is relevant, not only to competition, but to all other marketing mixes. Besides, information is a knowledge source of what is going on or what competitors are doing. In relation to the shortage of data and information already mentioned earlier, the service providers can play a role in establishing centers for data and information that the MSEs can effectively use in their proximity. It obviously requires a good budget, but with the assistance of some financiers

the topic can be considered. For micro and small enterprises, the more the stock of data and information the better they can do business.

3.1.1.8 Strategies in Relation to Finance

Although this issue may not be directly related to the subject of marketing, it cannot be seen separately when setting strategies for micro and small enterprises. Some recommendations are cited below. Because of the scarcity of MSEs' cash reserves; they need to carry out simple cash flow calculations and monitoring at a fair degree of accuracy. MSEs have to be very careful in spending their cash. MSEs have to learn how to document expenses and sales. They need to be disciplined in controlling their cash.

3.1.1.9 Market Research

Market research as a whole is integrated with the total business planning because it deals with the identification of present and future market situation in general. Therefore, trading has the task of going into detail of research work. Nevertheless, an export enterprise has to first acquire knowledge of the respective market potential. It is very difficult to plan world market entry without conducting market research priorly. Research also provides the advantage of eliminating the dangers of intuition, who are the current competitors in the market? what products are sold and at which prices? how do their packages appeal and how are they advertised?

CHAPTER FOUR

RESEARCH METHODOLOGY

4.1 Study Design

The universe of this survey for this study includes every micro and small enterprises and its operators, which operate in Awi zone .These survey considers all micro and small enterprises, which were registered before 2003 Ethiopian calendar.

4.2 Sampling Procedure

The sampling procedure employed in this study includes quota and convenience mixed with simple random sampling. Each city Administration in Awi zone have 85 quotas and since the distribution of micro and small enterprise in each city administration of Awi zone is uneven and scattered through out remote areas the micro and small enterprises were selected based on convenience to the researcher to avoid the time limitations.

To select samples, the list of the population of formally registered micro and small enterprises in AWI zone until 2002 by Trade and Industry Bureau is used. The selected enterprises account for 10% the registered micro and small enterprises in AWI zone by the office registered until 2002. An updated data, which includes recently established data up to 2003, was hard to access from the bureau because the data was being processed during the time of this study.

4.3 Data Collection

Since data on MSEs is limited, scattered and not consistent. This paper has collected pieces of scattered information from various sources in order to give an indication of the status and significance of the MSE sector even if they may not be accurate to the last digit. The paper is written based on existing literatures, various reports and documents on this subject.

To collect data from primary sources a structured interview and questionnaire was used and the questionnaires were developed in Amharic language and filled by only owners or operators micro and small enterprises of Awi zone. The structured interview was performed with Government officials of micro and small enterprise development offices of Awi zone. Micro and small enterprise operators or entrepreneurs filled the structured questionnaires.

A common problem in all survey research is non-response, and this research is no exception. Thus, one of the biggest obstacles is simply obtaining the cooperation of the

subjects: firm owners, or managers. Reliable firm level data were notoriously difficult to obtain. The problem is exacerbated when the data collection requires detailed quantitative information on the financial history and employment performance of the enterprise. Data, which may be regarded as confidential, were hard to get frankly and honestly. Some of them refused to give data. One possible fear of giving the data is the perceived likelihood of subsequent increment in taxation by the Ministry of Revenues. What is more, some small business owners refused to give data on the ground that they are too busy to fill the questionnaire; some have stated that they saw no return from the data they gave to earlier enumerators. In addition, there were some firms, which the researcher could not locate though they were included in the sample frame, the main reason being the lack of updated address information in the official files. Firms were registered at old addresses but when locations were checked, no firms were found there. Because of the above stated such reasons the research was modified the methodology that were proposed in the proposal.

4.4Type and Number of Enterprises Surveyed

The type and number of micro and small enterprises is the one which determines the findings of the research. The researcher tried his own best to make the research balanced by adjusting the number of micro and small enterprises from different sectors but the reality forced him to obey the actual results.

Table 3.1 the number of MSEs surveyed

Type	Number of surveyed	Number of surveyed in %
Textile	37	14.8
Wood and metal	43	17.2
Food related	29	11.6
construction	10	4
Traditional industries	19	7.6
service	112	44.8
Total	250	100%

Source: this study survey

4.5 Method of Analysis and presentation

Once data were found acceptable, electronically tabulation using the SPSS 17.0 software programmer for data entry and analysis is made. Analysis of data was undertaken to show important relationships of variables in the study. To this end, descriptive statistical technique was used.

CHAPTER FIVE

RESULTS AND DISCUSSION

5.1 Introduction

Now a day Marketing effectiveness is based on many factors, among these factors the Sprit of owner towards marketing activity or the level of understanding about Marketing contributes a lot. Besides the personal dimension of the owner determines the future fate of the business because marketing effectiveness is based on personal behaviors. Further more Marketing success is based on also the type of firm, the number and type of employees, the firm marketing orientation and profit motive towards short term or long term benefits. This paper is prepared to discuss the variables that affect marketing practice negatively or positively.

These major part of the report discuss the main variables, which affect marketing practices of Micro and Small Enterprises. The variables are classified in to four groups based on their feature and importance to the research. The groups are Entrepreneurs profile, Micro and Small enterprises profile, Micro and Small enterprise Marketing profile and Marketing problems of micro and small enterprises. Each variable in the group is presented with a graph or figure.

5.2 Entrepreneurs' Profile

Among many factors, which affect Marketing practices or performance, entrepreneurs' profile, is the one, which affect positively or negatively. Entrepreneurs profile is composed of sex, age, education, place of birth, reason for establishing MSEs, family background, training taken and experience in managing micro and small enterprises.

5.1.1 Gender of Entrepreneurs

One of the personal factors, which affect marketing practices positively or negatively, is gender. On the one hand, some of marketing tasks fit with female gender, on the other hand, some of marketing tasks fit with male gender. Example if our target customers are females it is better to use male to serve them and the reverse is also true. The related data are presented here under on figure 1.

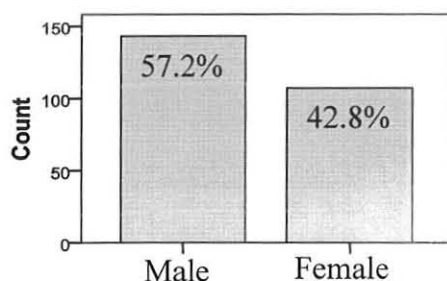


Figure 1 Gender of MSES operators

As per the figure, 1 provided above, Operators of Micro and Small Enterprises are surveyed under this research, around 57.2% were male and the remained were female operators.

Therefore, we can infer that most of Micro and Small Enterprises are owned and operated by male entrepreneur's especially in Awi zone, imply that gender inequality is here also around owning and managing Micro and Small Enterprises due to many reasons. Among many reasons, the following are the major ones. The major reason is related with economical and social factors, which means that most of the time females are not encouraged to operate business and females have social responsibility like preparing food for their family and taking care of their tasks that can be performed in the house like taking care of children and elders.

5.1.2 Age of Entrepreneurs

Among many personal factors that affect marketing effectiveness, age is the one that affect marketing practice positively or negatively. As many literatures state that age is a school, which helps a person to understand what is wrong or good. This experience also use full in marketing even though it is not possible to say that all of young entrepreneurs are not fruit full but when age increases a persons capability of juggling the results of an action increases. The age of entrepreneurs is classified in to three age groups, which are below 18, between 19-49 and above 49 based on the notion that most of the working class lies over on the age between 19 and 49. This does not mean that two entrepreneurs, who are 49 years old and 19 years old, have not equal marketing awareness or understanding. The data related with age of entrepreneurs are presented here under on chart 2.

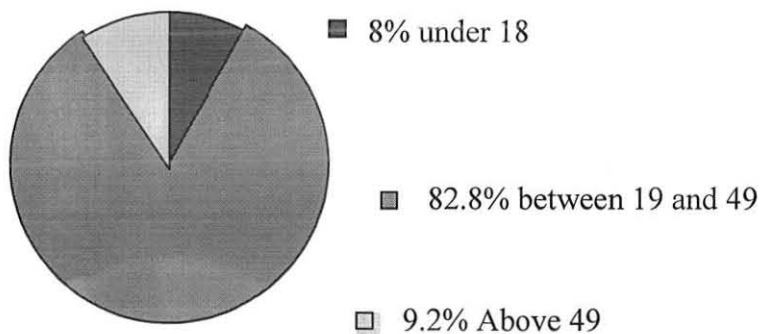


Figure 2 Age of entrepreneurs

Based on figure provided above 2, Micro and Small Enterprises Operators that are surveyed under this research, around 8% were under the age of 18. The majority, which is 82.8 or 207 out of 250, was between the age of 19 and 49, which is the working force as every sector, and the other group lies over the age of 49, which is around 9.2%.

Therefore, we can conclude that Most of Micro and Small Enterprise are owned and operated by entrepreneurs, who are between 19 and 49 years old but this variable only shows that age category of entrepreneurs does not imply that marketing effort of operators. This shows that the majority of micro and small enterprises owned and operated by matured entrepreneurs who can understand which marketing performance helps to succeed.

5.1.3 Educational Level of Entrepreneurs

The other variables, which affect marketing practice, one is educational level because education helps us to have wide understanding about our environment. Marketing revolves around how to solve the problems of our society or environment profitably and this skill in marketing can be developed through education. The entrepreneurs' education level is classified in to four groups which are illiterate but who can perform elementary mathematical operations, entrepreneurs' who have either started or completed elementary education, entrepreneurs' who have either started or completed secondary education and entrepreneurs' who have first degree based on the notion that each category will have different level of marketing understanding. The related data are presented here under figure3.

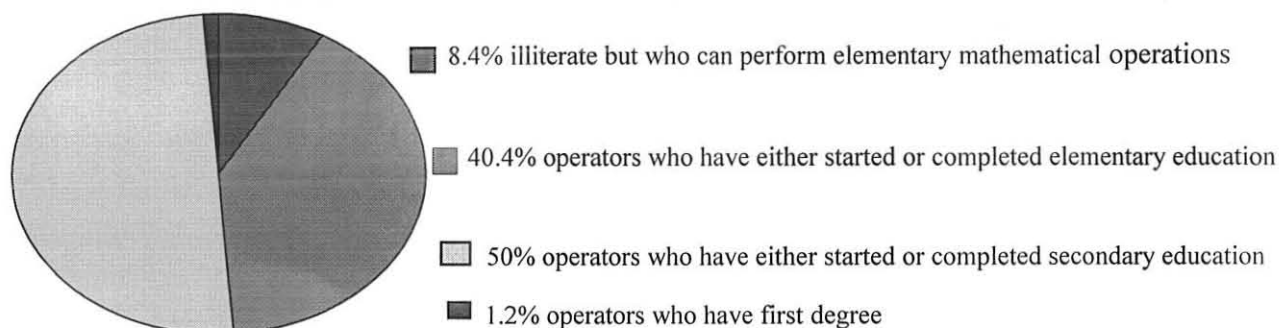


Figure 3 Educational levels of entrepreneurs

As per the above graph 3, the majority group of Micro and Small Enterprise operators that is 50% or 125 out of 250 either started or completed secondary educations. The next major group, which is 40.4% or 101 out of 250, have either started or completed primary education. The intermediate group, which is 8.4% or 21 out of 250, was operators who have not started secular education but they have passed through traditional education or illiterate who can develop performing mathematical operation. The minority group, which is 1.2% or 3 out of 250, has first degree.

Based on the data presented above, we can conclude that most of Micro and Small Enterprises are owned and operated by entrepreneurs who have an education less than grade 10, which, implies most of Micro and Small Enterprise operators have less educational level due to many reasons. Among many reasons the first one is most of entrepreneurs take care them selves and their families from their child hood because of economical reasons. The second major reason is that most the entrepreneurs give serious emphasis to their works and avoid secular education not to divert their attention to the education.

5.1.4 Place of Birth of Entrepreneurs

As other variables presented above place of birth is one of the factors to succeed in business here in Ethiopia and other parts of the world where there is conservative culture. Place of birth play a prominent role in making our business successful. The culture in Awi as other parts of Ethiopia is conservative because of this being successful in business is difficult for who are not born in the area. Place of birth of entrepreneurs is classified in to two categories who are operators who are born inside Awi zone and operators who are born out side Awi zone, to understand the effect of place of birth over Micro and Small Enterprises. The data collected related with entrepreneurs are presented on figure 5 below.

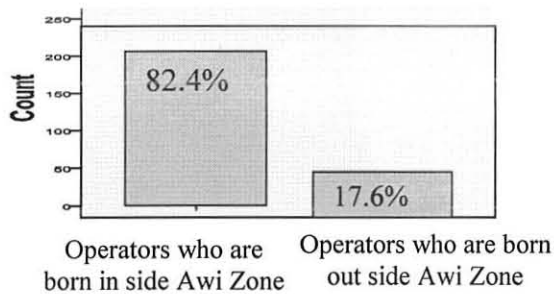


Figure 4 Place of birth of the entrepreneurs

As it is shown over the above figure 4, the majority of Micro and Small Enterprise operators were born inside Awi Zone, which is 82.4 or 206 out of 250, the remained operators of Micro and Small Enterprises were born out of Awi Zone, which is 17.6% or 44 out of 250.

From the above data and figure 4, we can conclude that most of Micro and Small Enterprise are owned and operated by entrepreneurs who are born inside Awi zone which imply that most of Micro and Small Enterprises are established to satisfy only local need and most of Micro and Small Enterprises operators have narrow objective.

5.1.5 Reasons for Establishing Micro and Small Enterprises

As other variables, which affect marketing practices or performances of Micro and Small Enterprise the reason of establishment also determines way over which Micro and Small Enterprises should goes through. The reason of establishment also guides the entrepreneurs' motivation and objectives of performing business effectively that target different marketing objective or not. The reasons of establishing Micro and Small Enterprises are classified into five, which are hope for better income, having special skill, preference for self-employment, family background in business and lack of alternative based on the experiences of other researches and the notion that all of the reasons of establishing Micro and Small Enterprises are incorporated under the above category. The data related with the reasons of establishing small business are presented here under on figure 4.6.

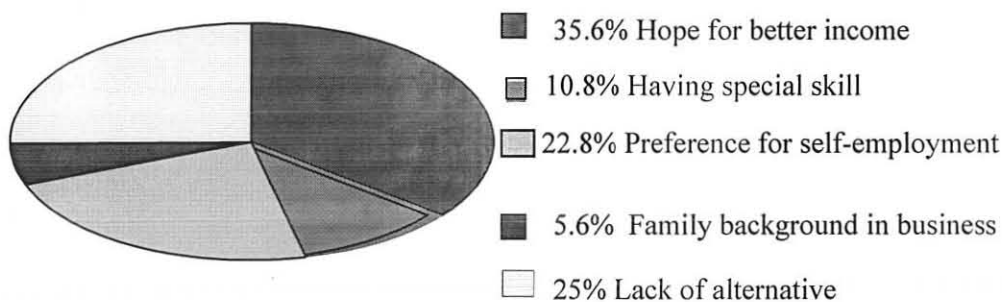


Figure 5 Reason for establishing MSEs

As we can understand from the above figure 5, the first major reason for establishing Micro and Small Enterprise is hope for better income (35.6%). The second major reason for establishing Micro and Small Enterprises is lack of alternative (25%). The third major reason for establishing Micro and Small Enterprises is preference for self-employment (22.8%). The fourth major reason for establishing Micro and Small Enterprise is having special skill (10.8%). The last reason for establishing MSEs is family background in business (5.6%).

Based on the above figure 5, we can conclude that most of entrepreneurs have established their Micro and Small Enterprise to get better income than their previous jobs imply operating Micro and Small Enterprise can generate better benefits. The other quarters of Micro and Small Enterprises are established due to lack of alternative, which shows that entrepreneurs perform their functions arbitrarily because they are not interested much in operating small businesses. The other reasons for the establishment of Micro and Small Enterprises by entrepreneurs are preference for self-employment, having special skill and family background in business respectively. These reasons have their own results over Micro and Small Enterprise marketing performance. We can take two individuals who like business game and who dislike business game, the person who likes the business game have higher motivation and commitment to win the business game and the person who dislike business game do not play to win rather he can play with out an objective.

5.1.6 Family Background of Entrepreneurs

As other personal variables presented above, Family background is the one, which can affect the personal behaviors of entrepreneurs related with marketing. Marketing can be developed through experience than studying in school in some cases so an entrepreneur who is from trader family can develop better marketing skills from his/her family. The families of entrepreneurs are classified in to three categories, which are trader, government employee and farmers based on the notion that entrepreneurs who are from different family profession will have its influence over entrepreneurs marketing performance. The data related with family professions are presented on chart 6.

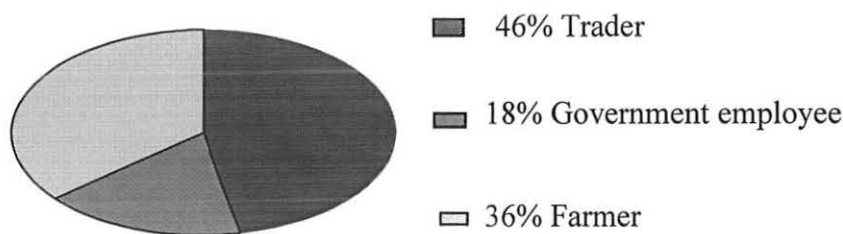


Figure 6 Family backgrounds of MSEs operators

As per the above chart 6, around 46% of Micro and Small Enterprises operators are from trader family which shows that the children's of business operators are influenced by family job. The other 36% of Micro and Small Enterprise operators are from families who use farming as a means of survival. The minority of Micro and Small Enterprises operators are from the family who are working under government.

Based on the above data we can conclude that most of the entrepreneurs are from trader families, which show that family profession has direct influence over the desired jobs of children. Since family is the first teacher of the children, the family can develop and modify the personal traits of entrepreneurs.

5.1.7 Training of Entrepreneurs

Training is the basic and mandatory to perform a specific task, which affect marketing effectiveness of entrepreneurs and determines the future direction of Micro and Small Enterprises. Even if marketing skill can be developed through many tools, training tries to equip all the necessary weapons to perform marketing tasks. By considering, the above things in mind the researcher try to identify entrepreneurs who have taken and who have not taken training related with how to succeed in Micro and Small Enterprises and the relate data are present here below on figure 7.

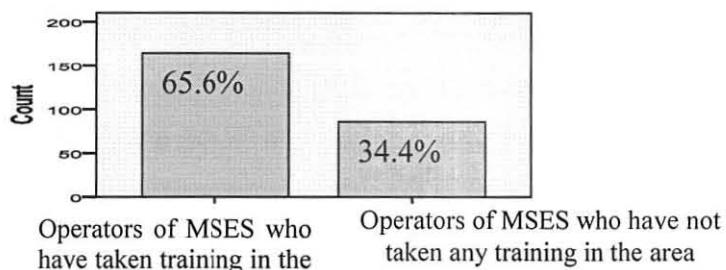


Figure 7 Training in general

Based on the above figure 7, the majority of Micro and Small Enterprise operators or entrepreneurs have taken training related with Micro and Small Enterprises (65.6%).

The minority (34.4%) of Micro and Small Enterprises have not taken any training.

As per the above data we can infer that most of entrepreneurs have taken training related with operating Micro and Small Enterprise but we are not sure that the training is given by qualified experts and also does the training equips all the necessary weapons to succeed in marketing performance. The other conclusion that we can make is that entrepreneurs who are not less in number have not taken training.

5.1.8 Experience of Entrepreneurs

Experience is an opportunity of having an exposure to perform some thing for some time, which determines the outcome of Micro and Small Enterprises, by the way, a skill that is developed through experience is better than a skill developed by training or education because a skill developed by experience is so much tangible and sustain for long time. An entrepreneurs experience is classified in to three groups which are less than two years, less than five years and above five years based on the notion that entrepreneur who liquidate his/her micro and small enterprise within two year, have established to get initial incentive and go out the market which shows that he/she has short term objective. Related data gathered are presented on chart 8.

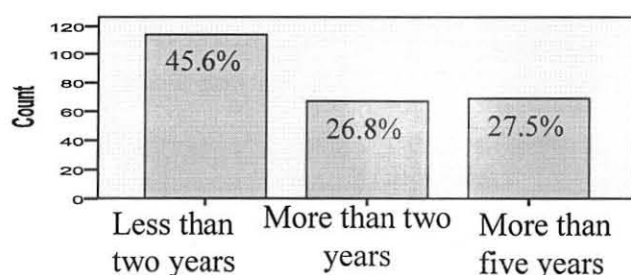


Figure 8 Experience of Entrepreneurs in operating MSEs

Most of Micro and Small Enterprise operators operate their business for less than two years (45.6). More than quarters of the Micro and Small Enterprise operators operate for less than five years (26.8%). Around 27.5% of Micro and Small Enterprises operators have an experience more than five years in operating Micro and Small Enterprises.

Based on the data presented above we can conclude that most of entrepreneurs have established their Micro and Small Enterprise before two years so they need intensive training. Almost quarters of entrepreneurs have an experience less than five years.

5.2 Micro and Small enterprises Profile in Awi zone

Among many factors which affect marketing performance or practices the second basic factor is the profile of Micro and Small Enterprises because profile of Micro and Small Enterprise can tell much important information about Micro and Small Enterprises marketing orientation. The profile of Micro and Small Enterprises is composed of year of start up, business name, initial capital, current capital, employees at the start up, current employees, employees training, type of employees and planning capability of micro and small enterprises.

5.2.1 Year of start up of MSEs

Year of start up is the year under which micro and small enterprises were launched to make business. Studying year of start up is important because of two major and basic reasons, which are, first year of start up can tell us about the time that shows the obstacles which the entrepreneurs has faced up to now, the second reason is that year of start up shows the strength, motivation and commitment of the entrepreneurs. The researcher tries to identify Micro and Small Enterprise, which were started before and after 2007 year because 2007 year in Ethiopia is a turning point in every sector when the Ethiopians celebrate their third millennium, the celebration creates great motivation to return to Ethiopian greatness, which were existed in first century. The related data are presented here under on figure 9.

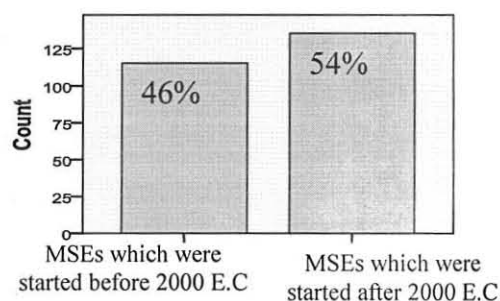


Figure 9 year of start up of MSEs

The majority of Micro and Small Enterprises were started after the year of 2007 which is 54% or 135 out of 250. The remained Micro and Small Enterprises were started before the year of 2007 which is 46% or 115 out of 250.

As per the above data presented, we can conclude that most of the Micro and Small Enterprise were established after 2007 year which shows that the business environment is going to be conducive to operate Micro and Small Enterprise. This can be due the BPR the

government offices have implemented to avoid the bureaucracy. Micro and small enterprises, which are not less in number, were established also before 2007 but still the business is in Micro and Small level, which implies that some of business sectors did not have improvement due to many reasons. The reasons can be related with the economy of micro and small businesses, marketing deficiency, and political reasons and other.

5.2.2 Business Name of MSES

Business name is the name under which different concerned parties such as government, customers, competitors recognize the business. Now, this specific research tries to identify MSEs, which have business name, and MSEs, which did not have business name because studying business name has its own marketing implications, which shows that business name is identified through marketing researches. The data related with are presented here under on figure 10.

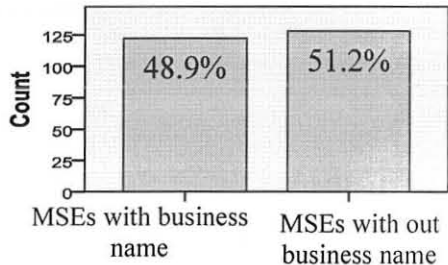


Figure 10 Business names of MSES

The majority which more than half (51.2%) or 128 from 250 did not have business name which shows that the majority of Micro and Small Enterprises are operated by operators who does not have the necessary business skills. The remained 48.9% or 122 out of 250 have business name but the majority have not develop their business name through scientific research.

Based on the above data, we can infer that most of Micro and Small Enterprises did not have their own business name, which shows that most of Micro and Small Enterprises were not established through scientific marketing research. This also shows most of Micro and Small Enterprises are owned and operated by Micro and Small Enterprises owners, who did not have the required marketing skills. Minority of Micro and small enterprises have business name, this business name is developed arbitrarily with out research.

5.2.3 Initial capitals of MSEs

Initial capital is money, which is invested to run the business initially. Studying initial capital will help us to know the improvement made after establishment and most of business believe that it is one and major variable to show their growth. The initial capitals of Micro and Small Enterprises are classified in to three categories, which are less than five thousand birr, between five thousand and ten thousand, and more than ten thousand birr by using the experiences of other researches and by the notion that most of small business were launched with the capital that are stated above. The data related with are presented here under on figure 11.

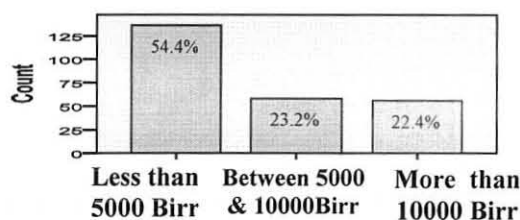


Figure 11 Initial capitals of MSEs

The majority of Micro and Small Enterprises were started with the capital less than 5000 birr (54.4%). The intermediate groups of Micro and Small Enterprises were started with the capital between 5000 up to 10,000 birr (23.2%). The minority groups of Micro and Small Enterprises were started with the capital more than 10,000 birr (22.4)

As per the above data, we can conclude that most of Micro and Small Enterprises were established with the capital less than 5000 birr that shows most of Micro and Small Enterprises are owned and operated by economically disadvantaged peoples. Around 45 % of Micro and Small Enterprises were started with the capital more than 5000 birr which shows that even if most of Micro and Small Enterprises there is also Micro and Small Enterprises which were started with medium capital.

5.2.4 Current capitals of MSEs

Current capital is the finance, which the entrepreneur is using to run the business currently. Current capital helps us to compare it with initial capital to understand the improvement made after establishment. Current capitals of Micro and Small Enterprises is classified in to three categories which are less than 20,000 birr, between 20,001 and 250,000, and more than 250,001 birr by using the experiences of other researchers and to cover only the domain of Micro and Small Enterprises. The data related are presented here under on figure 12.

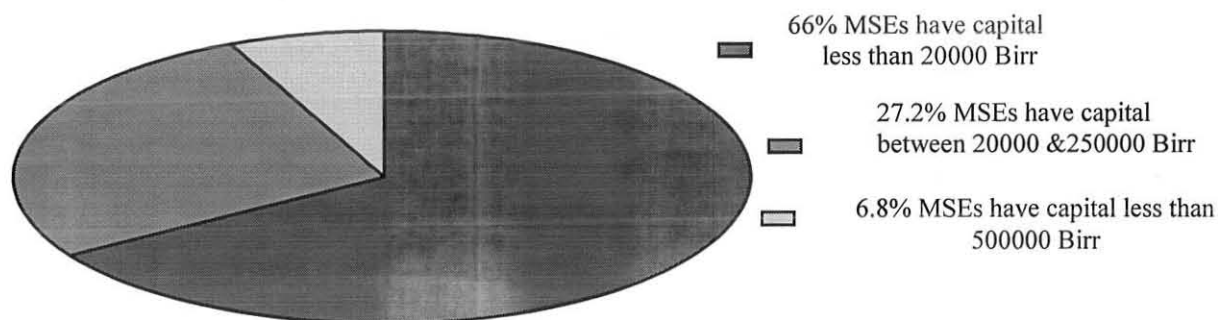


Figure 12 Current capitals of MSEs

Around 66% or 165 out of 250 have capital less than 20,000 birr. The next major category of Micro and Small Enterprises' which is 27.2% or 62 out of 250 have capital between 20,000 and 250,000 birr, the minority of Micro and Small Enterprises have which is 6.8% or 17 out of 250 have capital between 250,000 and 500, 000 birr.

We can conclude as per the above data that most of Micro and Small Enterprises have capital less than 20,000 birr that shows the improvement is not good even there is an improvement, which can be related with marketing deficiency. Micro and small enterprises that are around 27 % have capital between 20,001 and 250,000 birr that indicates Micro and Small Enterprises, which are not less in number, are getting better improvement. The conclusion that we can made from the data around 6.8% of Micro and Small Enterprises have capital more than 250,001 birr that implies that most of Micro and Small Enterprises operate with less capital.

5.2.5 Employees of MSEs at the Start up

Employees at the start up are employees who are employed when the business is launched as a business. This variable indicates the size of the Micro and Small Enterprises and capacity of the business. The Micro and Small Enterprises are classified in to three groups based on the number of their employees at the start up into MSEs which do not have employees at all, MSEs which have employed less than five employees and MSEs which have employed more than five employees by using the frameworks of other researchers. The data related are presented here under figure 13.

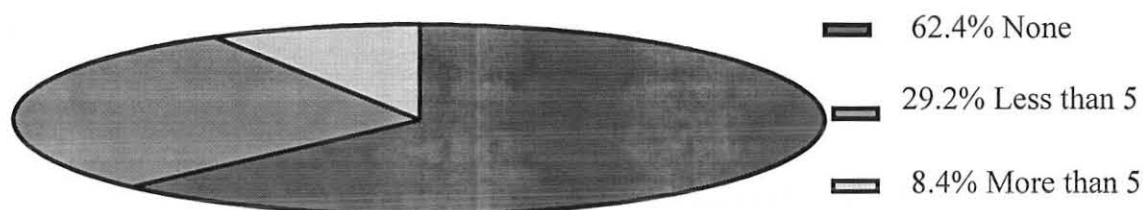


Figure 13 Employees of MSEs at the start up

Mare than Sixty Percent (62.4) of Micro and Small Enterprises did not employ employees other than entrepreneurs or owners at the start up. Around 29.2 percent of Micro and Small Enterprises have employed employees less than five at the start up. The remained 8.4 percent of Micro and Small Enterprises have employed more than five employees at the start up.

Based on the figure 13 we can conclude that most of Micro and Small Enterprises have not employed employees, which imply that most of Micro and Small Enterprises are creating job opportunities for only the entrepreneurs. The other conclusion that we can made is around 29 % Micro and Small Enterprises have employed only less than five employees at the start up and around 8 % of Micro and Small Enterprises have employed more than five employees. This indicates that entrepreneurs who may not have marketing profession perform the majority of marketing tasks.

5.2.6 Current Employees of MSEs

Current employees of MSEs are employees who are employed under Micro and Small Enterprises now, which indicate the improvement made by Micro and Small Enterprises related with employment opportunity that also imply the marketing effectiveness of Micro and Small Enterprises. MSEs are classified in to three major groups which are MSEs do not have employed , MSEs which have employed less than ten and MSEs which have employed more than ten employees. The data related with are presented here under figure 14.

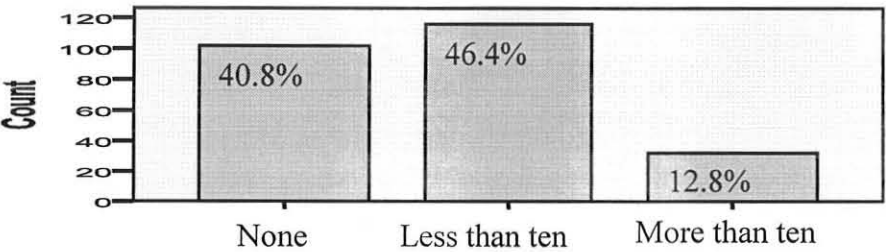


Figure 14 Current employees of MSEs

Around 40.8 percent of Micro and Small Enterprises in Awi Zone have not employed employees currently. More than 45% of Micro and Small Enterprises have employed employees less than ten. Less than 13% (12.8%) of Micro and Small Enterprises have employed more than ten employees currently.

Based on the data presented on figure 14 we can infer that around 45 % of Micro and Small Enterprises have employed less than ten employees that imply Micro and Small Enterprises are showing improvement over job opportunity creation. Even if there is improvement, around 40 % of Micro and Small Enterprises did not employ any employees and around 13 % of Micro and Small Enterprises have employed more than ten employees. This imply that the situation is gone be improved and the marketing tasks are performed by employees.

5.2.7 Employees who have taken Training or Not

Marketing performances also affected by employees' performance, which is strongly affected by getting training which are related with the operation, they are performing. The research has tried to identify the employees who have taken training and who have not taken training in the area and the data related with are presented on figure 15.

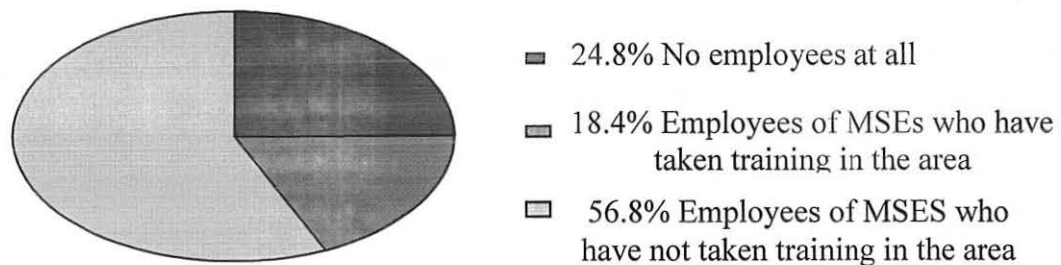


Figure 15 Employees who have taken training or not

Around 24.8% of Micro and Small Enterprises do not have employees at all. Out of 188 Micro and Small Enterprises which have employees only 46 MSEs employees or 18.4% have taken any training in the area, the remained majority of employees of Micro and Small Enterprises (56.8%) have not taken any training in the area.

As per data presented on figure 15, we can conclude that around 18 % of Micro and Small Enterprises, which have employees, have provided training in the area and most of Micro and Small Enterprises employees did not have taken training in the area.

5.2.8 Planning Capabilities of MSEs

Plan is a guide, which states the desired objective, alternative ways to achieve the desired objective. Having concrete objective and raising appropriate alternative courses of actions is determined by having better skill in planning. That is why the research has considered planning capabilities of Micro and Small Enterprises under this study. The planning capabilities of Micro and Small Enterprise is classified in to four categories which are excellent ,good, fair and needs improvement by using the experiences of other researches.

The data related with are presented here under figure 16.

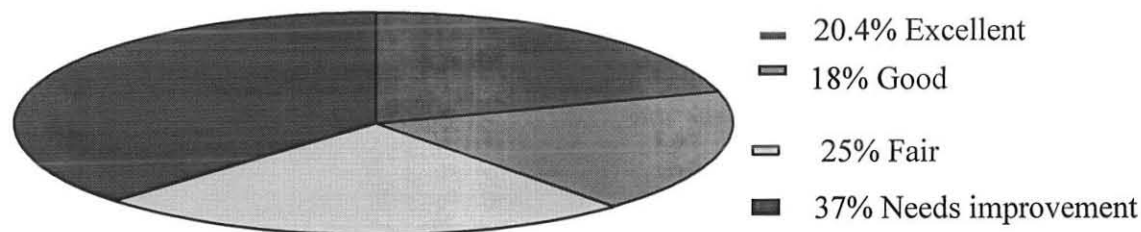


Figure 16 Planning capabilities of MSEs

Around one fifth percent of the respondents believe that they have excellent planning capability (20.4%). The other 18.0 percent of the Micro and Small Enterprise operators believe that their planning capability is good. The other quarters of the respondents believe that they have fair planning capability. More than 37% of the Micro and Small Enterprise operators believe that their planning skill needs improvement.

As per data presented above and figure 16, we can conclude that most of Micro and Small Enterprise planning capability needs improvement which imply that most of Micro and Small Enterprises are not skill full in determining where they want to go and which way will take through to the desired place or goal. Around 18 %, 20 %, 25 % Micro and Small Enterprises believe that they have good, excellent and fair planning capability respectively which indicates that even if they believe that their profile tells different.

5.2.9 Type of Employee Employed Under MSEs

As we have stated above marketing performances of micro and small enterprises is directly influenced by employees’ performance, which also shaped by the type of employees employed under Micro and Small Enterprises. The employees of Micro and Small Enterprises are categorized in to three categories, which are professionals, casual labours, and mixture of above are stated by using the experiences of other researchers .the data related with are presented here below on figure 17.

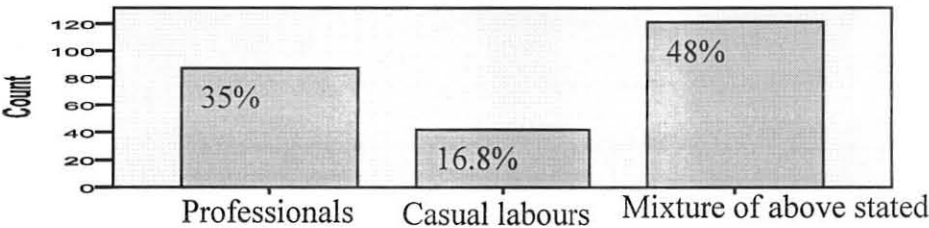


Figure 17 Type of employee employed under MSEs

More than 48% of the Micro and Small Enterprises employ a mixture of professionals and casual labours. Less than 35% of Micro and Small Enterprises employ only professionals. The other remained 16.8% of Micro and Small Enterprise employ only casual labours.

Based on the data presented above and figure 17 we can infer that around 35 % of Micro and Small Enterprises employ professionals, around 17 % of Micro and Small Enterprise employ only casual labours and the majority (48 %) employs mixture of casual labours and professionals which imply that most of Micro and Small Enterprises are employing casual labours.

5.3 Marketing Profile of MSEs in Awi Zone

The major objective of most of marketing research is to solve especially marketing problems of the target firm in doing so the logical step is starting from general features and going to deep marketing profile to understand the problem in a better way so the next step will be discussing marketing profiles Micro and Small enterprises in Awi zone. In this specific research, marketing profile of MSEs is evaluated by having a business plan, the attitude towards a business plan, recognizing competitors, stating target market, developing profit objective, having marketing background, making adaptation on marketing tools, preparing product designs, number of product items provided to market, factor considered primarily to set price ,setting profit as primary motive, perception towards price , promoting products, reason for not promoting and products and channel of distribution.

5.3.1 Business Plan

A business plan is any plan that works for a business to look ahead, allocate resources, focus on key points, and prepare for problems and opportunities. Unfortunately, many people think of business plans only for starting a new business or applying for business loans. However, they are also vital for running a business, whether or not the business needs new loans or new investments. Businesses need plans to optimize growth and development according to priorities. By bearing the above in mind, the researcher try to identify MSEs which have a business plan and who did not have a business plan has presented here under on figure 18.

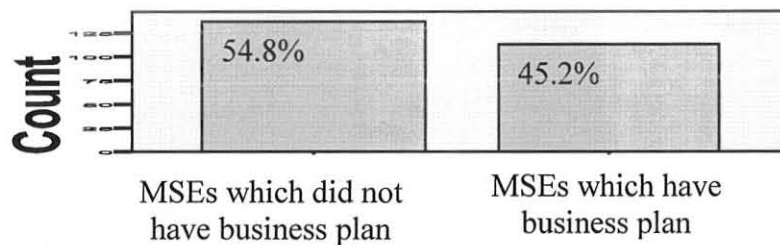


Figure 18 Business plan

The majority group of Micro and Small Enterprises (54.8%) did not have business plan. The other remained group (45.2%) have prepared business plan.

As per the above data and figure 18, we can conclude that more than 54 % of Micro and Small Enterprises did not have business plan. The remained Micro and Small Enterprises that is less than 44 % did have a business plan at the start up but the business plan is developed arbitrarily by owners with out considering the advice of professional consultants or experts in the area.

5.3.2 The Importance of Business Plan

A business plan is a blueprint detailing how the gears of your business get in mesh to generate profits. A sound business plan contains the information needed for effective operation and management of a business. It explains what is possible for the business, how it will be done and why it will be successful. It is the key to long-term success for new and old businesses. Your business must have a foundation to start from and you have to give your business time, as success will take longer then merely weeks. The attitudes of Micro and Small Enterprises towards a business plan is categorized in to three categories which are very important, important and not important. The data related with are presented her under on figure 19.

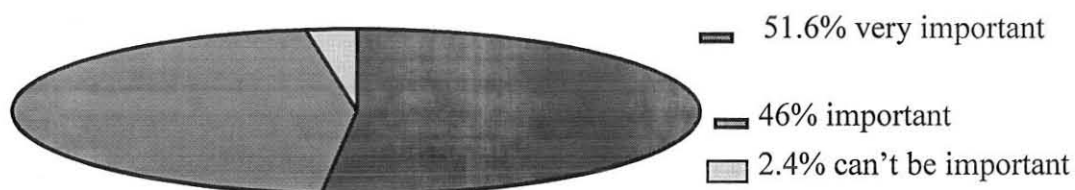


Figure 19 the importance of business plan

The majority groups of Micro and Small Enterprises (51.6%) believe that preparing a business plan is very important to be successful in business. The intermediate groups of Micro and Small Enterprises (46%) believe that preparing a business plan is important to be successful in business. Less than 3% of Micro and Small Enterprise operators believe that preparing a business plan cannot have contribution to succeed in business.

Based on the above figure 19 we can conclude that more than 96 % of Micro and Small Enterprises believe that having a business plan is important but the majority of them did not have prepared business plan due to many reasons. The first reason is related with not having sufficient skill in how to prepare a business plan ,the second reason is related with not giving the required emphasis and the final reason is they minimize the importance of business plan intentionally or un intentionally.

5.3.3 Awareness about Competitors

No business operates in isolation; whatever they are producing, there will be other businesses that would be looking to provide similar products or services. Businesses are in competition with these other businesses for customers. You will want customers to buy your goods or services but if you ignore what other firms are doing, you may well lose customers. Knowing who your competition is and monitoring what they do is therefore very important. The paper try to identify the awareness of their competitors and classified under three categories which are MSEs which know their competitors quite well, well and which do not now them at all, based on the notion that having different level of awareness about their competitors will have different marketing performances. The data related with are presented here under on figure 20.

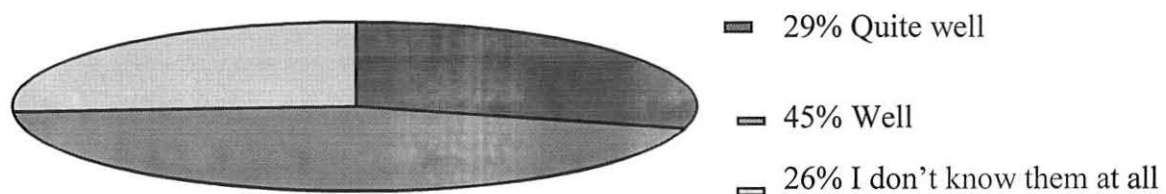


Figure 20.Awarness about competitors

Around 45% of the Micro and Small Enterprises know their competitors fairly well; the other 26% of Micro and Small Enterprises do not know their competitors. Around 29% of the Micro and Small Enterprises know their competitors quite well.

As per data presented above and figure 20, we can conclude that around 45 % MSEs know their competitors well which imply that MSEs under this category will have marketing strategy to defend themselves from the attack by the competitors. The other MSEs around 26 % do not know their competitors absolutely that indicates that MSEs which are not less in number have not marketing strategy to defend themselves from the attack created by their competitors so they perform their marketing practices by rule of thumb. The other group of MSEs around 29 % knows their competitors quite well which shows Some of MSEs have marketing strategy to defend their position.

5.3.4 Target Market

The most successful small businesses recognize that only a limited number of people will buy their product or service. The task is therefore becomes determining exactly who those people are and targeting the business marketing efforts and dollars towards them. Being aware and having a clear vision of who will buy your product or service will help to increase the chances of success for your business. By defining who your target customers are, you can determine if there are enough potential customers for your business. The research tries to identify MSEs which have target and MSEs which do not have target market. The related data are presented on figure 21 below.

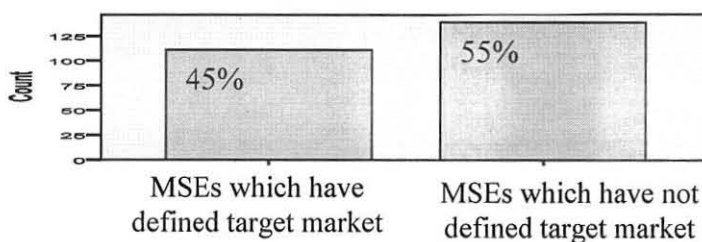


Figure 21.Target market

More than 55% of the respondents have not defined their target market, the other remained 45% of the Micro and Small Enterprises have defined their target market.

As per the above data and figure 21, we can infer that most of Micro and Small Enterprises do not have target market, which shows that their marketing performance is not directed towards a group of customers rather it is vague. The other MSEs around 45 % have target market which implies that MSEs which are not less in number develop and perform to satisfy a specific target group.

5.3.5 Target Revenue

Target revenue is the desired benefit the firms need to achieve at the end of some period and stating explicitly in business plan helps the business to run through on the way that will help to achieve the desired benefit. It also helps to motivate the employs and entrepreneurs so the research try to identify MSEs, which have stated their target revenue and which did not have stated their target revenue explicitly on their business plan. The data related with are presented here under on figure 22.

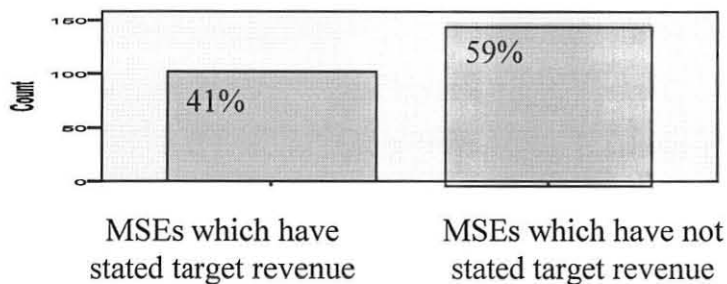


Figure 22 Target revenue

More than 59% of Micro and Small Enterprises have not defined their target revenue. Less than 41% of the Micro and Small Enterprises have defined their target revenue.

Based on the above data and figure 22 we can conclude that Most of MSEs did not have stated the target revenue in which they want to achieve at the end of some period that guides the tasks of a business towards success. The other MSEs around 41 %, which are not less in number, have stated the target revenue they want to achieve at the end of some period that guides towards success.

5.3.6 Marketing Background

Some of marketing tasks can be performed by experience than the theoretical education a person gets in the class and the reverse is true but in general but a task which is accomplished by professional, is better than a task accomplished by non-professionals. Marketing background of entrepreneurs explains a person level of understanding about marketing whether it is developed through experience or theoretical education. The research tries to identify Entrepreneurs who have marketing background and who do not have. The related data are presented here under on figure 23.

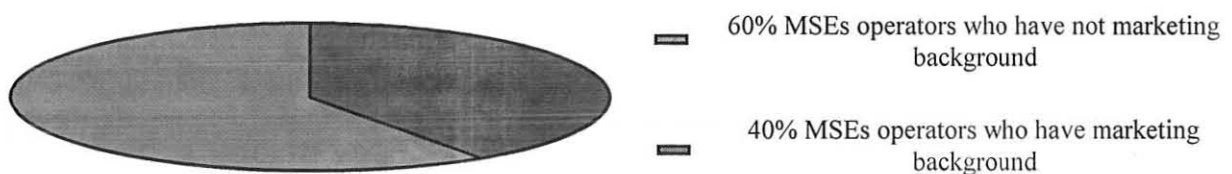


Figure 24 Marketing background

Around 60% of the Micro and Small Enterprise operators do not have marketing background. The remained 40 percent of the respondents do have a marketing background in any way.

Based on the above data and figure 23 we can conclude that most of the entrepreneurs do not a have marketing background which imply that their marketing practices is performed arbitrarily because they do not have marketing understanding which is a base to perform marketing tasks. The other group of entrepreneurs around 40 % has marketing background but the confusion is related with how they have marketing background because the majority of entrepreneurs have less tenth grade education level. They do develop their level of understanding about marketing through experience.

5.3.7 Adaptation of Marketing Tools

As a marketer, we recognize the importance's of adaptation over marketing tools because marketers are adaptation specialists now a days due to the differences of customers. This means that marketers have to made a little modification to their marketing tools to the differences of their customers because the most common thing in our world is the difference we have rather than the uniformity we posses. The research tries to identify MSEs, which made adaptation over their marketing tools, and MSEs that do not made adaptation over the marketing tools by bearing in mind the above justification about adaptation. The related data are presented here under on figure 24.

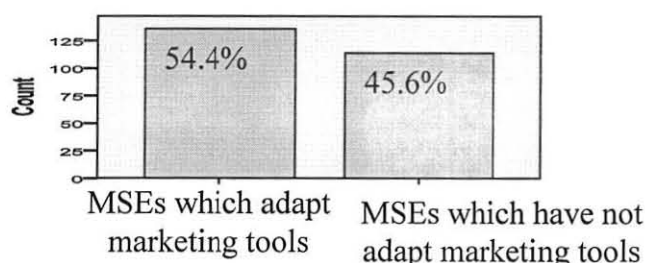


Figure 24. Adaptation of marketing tools

54.4 percent of the respondents have made any changes in the way they produce, package, promote and price their products and services. The remained 45.6% of the respondents have not made any changes in the way they produce, package, promote and price their products and services.

As per the data presented above and figure 24, we can infer that most of MSEs made adaptation over the marketing weapons or tools intentionally or not intentionally that imply that making adaptation over marketing tools is mandatory. The other groups of MSEs which are around 45 % do not made adaptation over the marketing tools which indicate that they din not understand the importance's of adaptation.

5.3.8 Product Design

Product design is the chart or figure that shows the final product looks like. In some cases, engineers develop product design and the marketers' role is providing customers' feedback about the design but in MSEs the situation is different. The research tries to identify the MSEs, which develop product design, and MSEs, which do not develop product design. The related data are presented here under on figure 25.

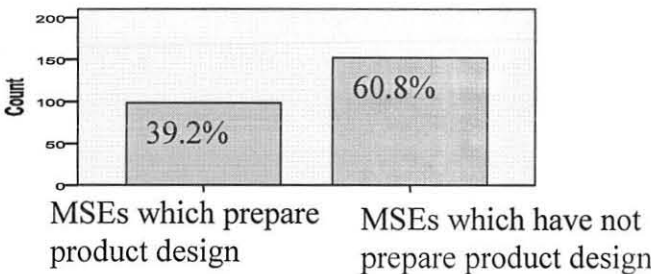


Figure 25 Product design

The majority of respondents (60.8%) have not developed the design for their products. There remained 39.2% of micro and small enterprise operators have developed the design for their products.

As per the above data and figure 25, we can conclude that most of MSEs do not develop the product designs for market that shows that most of Micro and Small Enterprises consider that developing product design is so much difficult and can be performed by only marketers who have high level of capacity in both finance and idea. The other group of MSEs around 39 % develops product design for their product, which indicates that MSEs, which are not less in number, believe that developing product design can be performed also with the capacities of MSEs.

5.3.9 Product Items

Product items are products, which are provided for market by specific marketer, which guides the marketing strategy of a specific firm. For example, when the number of product items increase provided by marketer the marketing strategy will be developed in the way to achieve different marketing objective by considering the number of product items but when the product item is one the marketing strategy will directed towards satisfying only for customers of one product item. The research tries to identify MSEs, which market one, two, three, and mere than three product items. The data related with are presented here under on figure 26.

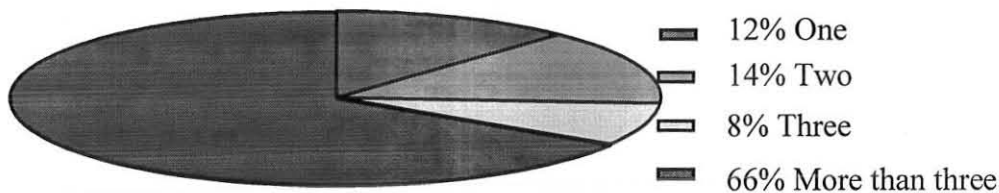


Figure 27 Product items

Around 66% of Micro and Small Enterprises provide more than three product items to market, the 14% of Micro and Small Enterprises provide only two product items to market, the other 12% of the respondents provide only one product item to the market, the remained 8% of respondents provide only three product items to the market.

Based on the above data and figure 26 we conclude that the majority of MSEs market more than three product items which imply that most of MSEs are marketing diversified product to minimize risks which will be raised by marketing one or two product items so their marketing practice geared towards satisfying all the customers every product. The other groups of MSEs that are around 14 %, 12 % and 8 % market two, one and three product items which indicates that some of MSEs market only three and less than three product items.

5.3.10 Factors for pricing

Among many marketing task setting appropriate price, which considers the firm marketing objective with the customers' level satisfaction which is created by the product, is not a simple task. We have many ways to set our final price even if there are many price-setting options, different price setting task can be based on many factors, some of the factors are demand of the product, supply of the product, competitions in the market, production cost, etc. The research tries to identify MSEs, which consider primarily in setting final price

among factors stated above. The related data are presented here under on figure 27.

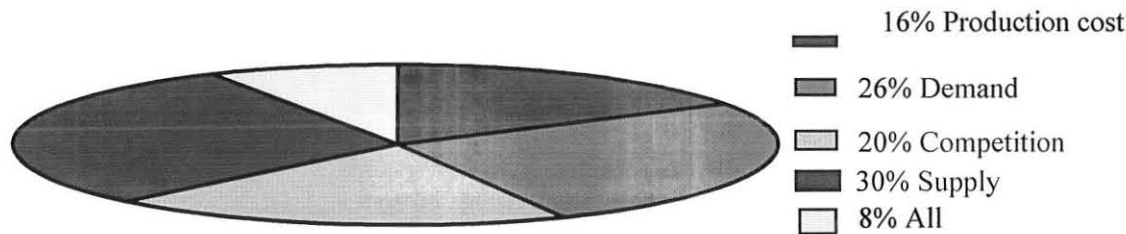


Figure 27 Factors for pricing

Around 30% of Micro and Small Enterprises consider primarily supply to set price. The other 26% of Micro and Small Enterprises consider primarily demand to set product price. The other 20% of the respondent consider primarily competition as a base to set price. The other 16% of the respondents consider primarily production cost as a base to set product price. The other 8% of micro and small enterprises consider all of the above stated equally to determine product price.

As per the above data and figure 27, we can conclude that most of MSEs consider supply primarily to set final price that imply understanding the law of supply is basic and mandatory to perform marketing tasks like setting prices. The other group of MSEs around 26 % considers primarily demand that shows the price is determined based on the law of demand. The other group of MSEs around 20% considers primarily competitions in the market, which imply a price determined more than competitors fail due to most of the price is around equal. The other group of MSEs around 16 % price is developed by considering primarily production cost which is determines the flour final price. The other groups of MSEs around 8 % try to make the compromise over the above factors that consider all the pricing factors equally.

5.3.11 Factors other than Profit

The major marketing objective of most of the business is maximizing long-term profit because the type of product, the phase of the product in product life cycle, the organization objective, etc, mainly determines profit. As marketers we can argue that marketing is based looking on long-term benefits of businesses even if we know businesses are not good will institutions they consider the customer satisfaction, the amount and type of business first. The research tries to MSEs, which consider short-term profit as primary objective and do not consider other factors other than profit and MSEs, which do not consider short-term profit as primary objective and considers other factors other than profit to set price. The related data

are presented here under figure 28.

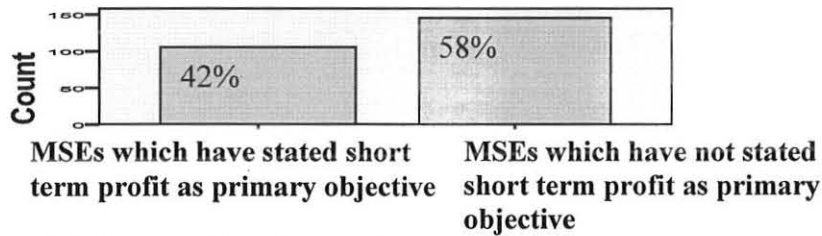


Figure 29 Factors other than profit

Most of Micro and Small Enterprises do not consider other thing other than profit to determine the final price. The remained 42% of Micro and Small Enterprise consider other things other than profit to determine the final price.

Based on the data presented above and figure 28, we can conclude that most of MSEs have not considered short term profit as primary objective which imply that most of MSEs are based on win-win situation with their customers. MSEs around 42 % which are not less in number considers profit as their primary objective which imply some of MSEs are operating their businesses to collect profit which out not beind sustainable.

5.3.12 Price of MSEs

Price is the amount of money paid to get a service or product. Normally price should be competitive with the market price, in many occasions the prices of MSEs has a difference with the price determined by large firms. The difference may be drawn from many sources such as the difference in financial capacity, persuasive power of customers and input providers, path of distribution, etc. The research tries to identify the prices of MSEs, which are classified in to three categories-Very expensive, very cheap and equal when it is compared with the prices of large firms. The related data are presented here under on figure 29.

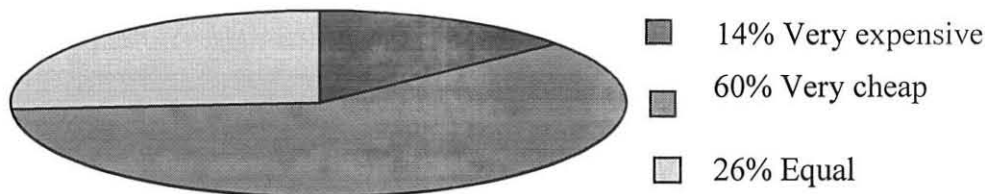


Figure 29 Price of MSEs

The majority of Micro and Small Enterprise products price is very cheap than price of products which are produced by other large firms. Around 14% of Micro and Small Enterprise product price is very expensive than the products which are produced by large

firms. The remained 26% of Micro and Small Enterprise product price is approximately equal with the products of large firms.

As per the above data and figure 29, we can conclude that the majority of products, which are produced by MSEs, are very cheap when they compared with the prices of large firms that show that many of the products produced and marketed to satisfy local markets by MSEs are very cheap. Some of the products of MSEs (14%) are expensive when it is compared with the price determined by large firms that imply some of the products can be expensive due to input expensiveness in local market. Some of products of MSEs (26 %) have equal price with the products produced by large firms which indicate many of the products have equal prices due to many reasons, the major one is that large firms have economic of scale advantage which most MSEs lack.

5.3.13 Promotion

Promotion is the process of advertising your business so that the public will become aware of your business. Promotional campaigns should be something that will get the attention of the public. It is not as simple as just telling someone about your product. You should do something to organize creative advertising so that your audience will not only enjoy, but also learn something about your product and your business.

The reason why you need to promote your business is to inform the public about what you can offer them. You need to let the public know that you can provide a solution with your products and services. You have to establish communication with the public in order for your business to survive. Otherwise, you will end up existing in your own world. The public must know that you exist.

In promotional campaigns, you must think outside of the box. Be creative in your promotion because this is the only way to drive customers to your business. All kinds of businesses, whether big or small have their own way of establishing rapport with their customers. You can call your customers to let them know about sales and special discounts or offer to mail out up to date brochures and catalogs. These could be the best way to reach out to your market.

The research tries to identify MSEs, which did promote themselves and their product in the past, and MSEs, which did not promote themselves and their product in the past through survey. The related data are presented here under on figure 30.

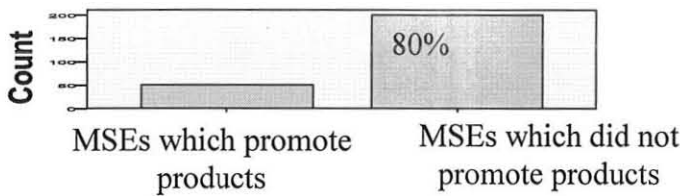


Figure 30.Promotion

Most of Micro and Small Enterprises did not promote their products in any ways (80%). Around 20 percent of Micro and Small Enterprises promote their products.

Based on the data presented above and figure 4.31we can conclude that most of MSEs did not promote them due to many reasons such as lack of awareness and lack of budgets. Some of MSEs did promote their products trough different promotion tools like brochachers, local magazines and local radio.

5.3.14 Reason for not Promoting

As stated above over promotion, promotion is not an option rather it is mandatory for the business whether it is big or small. Not performing promotion is major problem but the problem gets worse when a marketer did not know why is not promoting. A firm or a business may not promote its products because of two extreme problems. The first is lack of awareness about promotion because every problem is lack of the required knowledge in the area. The second problem source is lack of sufficient budget to run promotion. The research tries to identify MSEs, which know why they are not promoting their products, and MSEs, which do not know why they are not promoting their products through survey. The related data are presented here under on figure 31

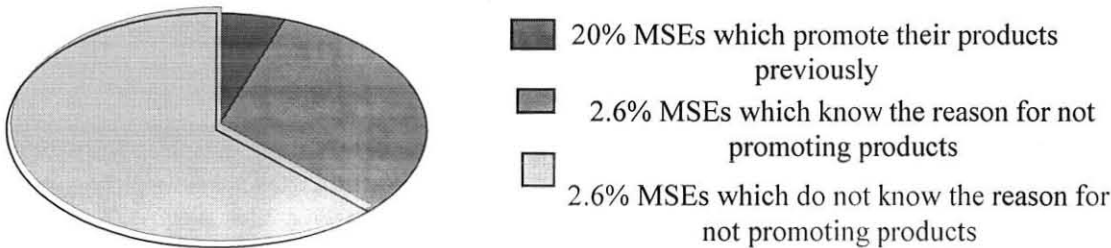


Figure 31.Reason for not promoting

Most of the Micro and Small Enterprise who did not promote their products did not know why they did not promote their products. Less than 33% of Micro and Small Enterprises know the reason why they did not promote their products.

As per the above data and figure 31, we can infer that most of MSEs which did not promote their products they do not know the reason why they are not promoting which imply most of MSEs perform their marketing activities by rule of thumb that leads to marketing ineffectiveness and inefficiency. The other one third of MSEs, which did not promote their products, does know why they are not promoting their products because of lack of sufficient budget for promotion.

5.3.15 Channel of Distribution of MSEs Products

A channel of distribution can be defined as the collection of organizational units, institutions, or agencies within or external to the manufacturer, which perform the functions that support product marketing. The marketing functions are pervasive: they include buying, selling, transporting, storing, grading, financing, bearing market risk, and providing marketing information. Any organizational unit, institution, or agency that performs one or more of the marketing functions is a member of a channel of distribution.

The structure of a distribution channel is determined by the marketing functions that specific organizations perform. Some channel members perform single functions-carriers transport products, and public warehousers store them. Others, such as third party logistics providers and wholesalers, perform multiple functions. Channel structure affects (1) control over the performance of functions, (2) the speed of delivery and communication, and (3) the cost of operations.

While a direct manufacturer-to-user channel usually gives management greater control over the performance of marketing functions, distribution costs normally are higher, making it necessary for the firm to have substantial sales volume or market concentration. With indirect channels, the external institutions or agencies (e.g. carriers, warehousers, wholesalers, and retailers) assume much of the cost burden and risk, so the manufacturer receives less revenue per unit.

Most distribution channels are loosely structured networks of vertically aligned firms. The specific structure depends to a large extent on the nature of the product and the firm's target market. There is no "best" channel structure, for all firms producing similar products.

Management must determine channel structure within the framework of the firm's corporate and marketing objectives, its operating philosophy, its strengths and weaknesses, and its infrastructure of manufacturing facilities and warehouses. If the firm has targeted multiple market segments, management may have to develop multiple channels to service these markets efficiently.

The research tries to identify how many of MSEs distribute their products through which distribution path by categorizing the distribution paths in to three that are by opening retail shops, through whole sellers and through distributors based on the notion that most of MSEs use either of these paths. The related data are presented here under on figure 32.

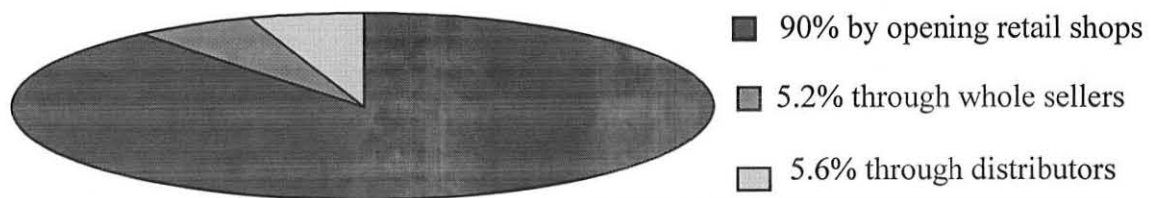


Figure 32.channel of distribution of MSEs products

Around 90% of Micro and Small Enterprise distribute their products by opening retail shops, the other 5.6% of Micro and Small Enterprises distribute their products through distributors and the remained 5.2% of Micro and Small Enterprises distribute their products through whole sellers.

Based on the above data presented and figure 32 we can conclude that most of MSEs (90 %) distribute their products directly by opening retail shops around their customers, which indicates most of MSEs are only focusing on local demand. The remained MSEs (5.6%, 5.2%) distribute through distributors and wholesalers respectively that imply some of MSEs use indirect distribution channel.

5.4 Awi zone Micro and Small Enterprise Marketing problems

Each marketing mal practice has its own reason then the final part of the discussion part will justify the attitude of Micro and Small Enterprise owners towards MSEs marketing effectiveness and the reason why marketing problems are created.

A **problem** is an obstacle, impediment, difficulty or challenge, or any situation that invites resolution; the resolution of which is recognized as a solution or contribution toward a known purpose or goal. A problem implies a desired outcome coupled with an apparent deficiency, doubt or inconsistency that prevents the outcome from taking place.

Marketing is basically your interaction with your consumer. This interaction with your consumer is done so that you can get the consumer to purchase your product or service. Basically that is what marketing is all about, getting the customer to purchase your product or service!

Marketing problem is not performing marketing tasks as professionals or performing marketing task by rule of thumb with out conducting marketing research or performing marketing tasks inappropriately with out considering the marketing objective at hand.

MSEs of Awi zone are not different with other MSEs, which are operated by non-professionals, if a business or task, which is performed with out objective or performed by rule of thumb or arbitrarily, it, is known that the business will not be effective in marketing because marketing is based on research and scientific way accomplishing marketing tasks.

4.5.2 Attitude of Entrepreneurs Towards Researcher Idea

An **attitude** is a hypothetical construct that represents an individual's degree of like or dislike for something. Attitudes are generally positive or negative views of a person, place, thing, or event— this is often referred to as the attitude object. People can also be conflicted or ambivalent toward an object, meaning that they simultaneously possess both positive and negative attitudes toward the item in question. The research tries to evaluate the attitudes of entrepreneurs. It classify in to three groups –entrepreneurs who believe most of MSEs are not effective marketers, entrepreneur who believe some of MSEs are effective marketers while some are not and entrepreneurs who believe most of MSEs are effective marketers, based on the notion that most of the entrepreneurs attitude lie over either of the three categories. The related data are presented here under on figure 33.

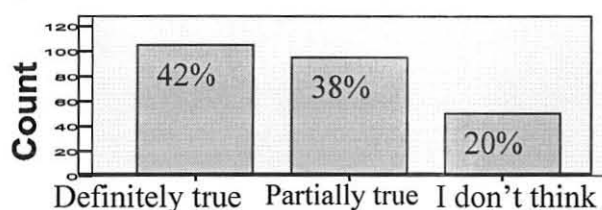


Figure 33 Attitude of MSEs operators towards researcher idea

Most of Micro and Small Enterprise operators believe that most of Micro and Small Enterprises are not effective marketers (42%). Around 38% of Micro and Small Enterprise operators believe that Micro and Small Enterprise are somewhat not effective marketers. Around 20% of the Micro and Small Enterprise operators believe that Micro and Small Enterprises are effective marketers.

As per the above data and figure 33, we can conclude that most of the entrepreneurs (42%) believe that most of MSEs are not effective marketers. The reasons can be first, most of entrepreneurs do not have the opportunity to get education or training to accomplish marketing tasks effectively that the majority of them have many responsibilities like taking care of their family. Second most of the entrepreneurs do not have willingness and interest to be qualified in marketing due to their perception about the reward of being professional. Finally, most of the entrepreneurs believe that the position they are holding is better than when they compare with their society. The other group of entrepreneurs (38%) believes that some of MSEs are effective marketers and some of MSEs are not effective because we are observing that some of MSEs are improving and they have gotten better results from their businesses. The minority groups of entrepreneurs (20%) believe that most of MSEs are effective marketers and they have not provided any reasons.

4.5.3 Reasons for Being Ineffective Marketer

All and every problems has its own root and immediate causes and knowing the root causes of marketing problem has prime importance to solve marketing problems. The research tries to identify the major causes of marketing problems by classifying major marketing problems in to four categories. The categories are absence of consultants in marketing, performing marketing tasks inappropriately, inability to employ marketing professionals and lack of marketing skill by using the experiences of other researchers and based on almost all basic causes of marketing problems lie around any of the four categories. The related data are presented here under on figure 34.

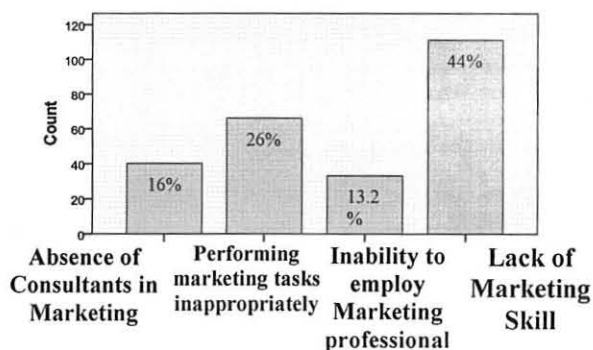


Figure 34. Reasons for being in effective marketer

Around 44% of Micro and Small Enterprise marketing problem is related with not acquiring sufficient marketing skill. Around 26% of Micro and Small Enterprises marketing problem is created due to performing marketing tasks in appropriately. Around 16% of marketing problems is created due to absence of consultants in marketing.

The remained 13.2% of marketing problems is created due to inability to employ marketing professionals.

As we can understand from the above data and figure 4.35, we can conclude that the majority of marketing problems are created because most of entrepreneurs lack marketing skill and this performing marketing without having sufficient marketing skill leads to major marketing problems which will lead to business failure. The second major root cause to marketing problems is performing marketing tasks inappropriately or performing marketing tasks by rule of thumb due to some of entrepreneurs lack awareness how to perform marketing tasks and minimizing the importance of to the success of the business. The third root causes which lead to marketing problem is absence of marketing consultants in marketing because even though some of entrepreneurs understand that they are not on the appropriate track they did not have the chance to get marketing consultancy. The last root cause of marketing problem is inability to employ marketing professionals due to that scarcity of budget and the attitude of entrepreneurs towards marketing professionals.

As per the interview conducted with different officials, who are working in different positions like awareness creation and organizing officer in three different city administrations of Awi Zone Micro and Small Enterprise office, Micro and Small Enterprises face many general and marketing problems. These problems are drawn from three major sources: - these are community, government and operators of micro and small enterprises. The community has not good attitude about Micro and Small Enterprises due to this many community members prefer buying from medium and large firms. The second major source of the problem is operators of micro and small enterprises because many of Micro and Small Enterprises operators lack marketing skill, having inappropriate objectives, organized to get piece of land and to rent. The third source of the problem is government. Government is not in a position to provide sufficient training especially in marketing because the offices of micro and small enterprises do not have marketing experts as an example in Awi zone micro and small enterprises have only one marketing expert out of seven experts who are employed to provide training to micro and small enterprise operators.

CHAPTER SIX

CONCLUSION AND RECOMMENDATION

Introduction

Based on the data provided on chapter five the researcher has concluded the following conclusions but this conclusion does not show the attitudes of the researcher because it is solely based on the figures that were provided on chapter five. Based on the conclusion the researcher would like to provide recommendations, which will make effective micro and small business if it is implemented with serious emphasis.

6.1 Conclusion

When we try to see personal profiles of Entrepreneurs of Micro and Small Enterprises of Awi zone it shows the following. Even if the data collected shows that male entrepreneurs in Awi zone operate more than 55% of micro and small enterprise, the micro and small enterprises which are not less in number were the means for survival of females who have less economic capability. As every sector of the economy, around 90% micro and small enterprises are owned and operated by individuals who have age between 19 and 49, which is the productive age. Individuals who have completed elementary education operate around half of the micro and small enterprises. Entrepreneurs who are born inside Awi zone operate the majority (82.4) of micro and small enterprises. Even if the majority(35.6%) of micro and small enterprise operators establish to have a better income ,the entrepreneurs who are not less in number have established micro and small enterprises because the did not have other option (25 .2%).The majority of micro and small enterprise operators are from trader and farmer families respectively. Even if the data collected shows that more than 65% of micro and small enterprises operators have taken training the reality shows that the training which is given to micro and small enterprises operators is not sufficient and also is given by experts who have not the required quality in the area. The majority of micro and small enterprises operators have less than two years experience in operating micro and small enterprises that shows that the micro and small enterprises, which are not less in number, withdraw from market within a year.

When we try to see the profiles of micro and small enterprise in Awi zone, even if more than half of micro and small enterprises are established before 2000 year in Ethiopian calendar, Micro and small enterprise, which are not less in number, are established after 2000 year

Ethiopian calendar that is a turning point in Ethiopian economic development. The data shows that around 54 % of micro and small enterprises have a business name, the name of each micro and small enterprises name is developed arbitrarily to say my enterprise has a business name. Besides around 46% of micro and small enterprises don't have business name which shows that most of micro and small enterprise are established with out research by individual who have not the required marketing knowledge. Most of micro and small enterprises are established with the capital less than 5000 birr that is equal with the combinations of micro and small enterprises, which were established with the capital between 5000, and 10000 birr and above 10000 birr. Most of micro and small enterprises own 20000-birr capital currently that shows that most of micro and small enterprises are operated by economically disadvantaged peoples. More than 62% of micro and small enterprises in Awi zone did not have employees at the start up .Now the figure shows that around 46% of micro and small enterprises have employees less than ten but around 41% of micro and small enterprise have not employees currently. More than 75% of micro and small enterprise employees did not taken any training from any concerned parties which shows that even if the government is trying to promote micro and small enterprise the government do not consider that productivity will be increased by training employees of the enterprises . The data collected shows that most of micro and small enterprise in Awi zone employee a mixture of daily labours and professionals but the reality shows that most of employees of micro and small enterprises are daily labours. Finally the data collected shows that most of micro ant small enterprises planning capability need improvement.

When we try to look on marketing profiles of micro and small enterprises, even if more than half of them believe that having a business plan is very important, around 55% of them did not have a business plan, which shows that most of them perform marketing practices with out plan. Even though around 45% them knows fairly well their competitors , around 55% of them did not have stated their target market precisely. Further more around 60% of them did not have stated the desired profits they need to achieve. The surprising part is around 60% of the did not have marketing background which shows that almost all of marketing problems are from this major defect source. Besides most of them make adaptation over marketing tools but around 60% of them did not have prepared product designs for them. More than 65% of them market more than three product items and most of them consider supply as primary tool to set price of their products from other factors of pricing.

Additionally most of them set getting short profit as primary objective and do not consider other things other than profit. Around 60% of them believe that their price is very cheap when they compared with the prices of large firms and the reality shows the same trend. Most of them did not promote their products to their target market and most of them did not know their reason for not promoting their products. Almost all of them distribute their products by opening retail shops, which shows that intentionally or not they are performing direct marketing.

Most of micro and small enterprises operators believe that many of micro and small enterprises are not effective marketers because they do not have sufficient marketing skill or expertise.

6.2 Recommendations

The major intention of this paper to assess marketing practices of micro and small enterprise of Awi zone but describing the problems is not the final target so here below the researcher provides recommendations, which can alleviate the problems of micro and small enterprise especially marketing problems.

The problems of micro and small enterprises are derived from three major sources. These are: - government policy and guidance, the entrepreneurs them selves and the community.

- Normally the importance of micro and small enterprises to the economy was neglected by government officials under the period of various government administrations but now the current government tries to give emphasis but the support from the government is not sufficient and enough to solve the problems of micro and small enterprises in general and marketing in particular. This means the government did not have developed a curriculum which promotes entrepreneurship under grass root level because the data shows that most of micro and small enterprises owners have not even secondary education so now the government should develop the curriculum which considers the entrepreneurs profile especially in marketing because understanding marketing is not matter of choice in these competitive world but this recommendation can not be implemented within short term. So the government should re adjust the support to the needs of entrepreneurs because the current support is not solving marketing problems of micro and small enterprises. The reality shows that there is a confusion regarding what marketing is

all about by government officials as well as operators of small business, to clarify more let as take example, Out of ten experts who are employed to provide support to micro and small enterprises only one of them is from marketing profession and also these employees are not satisfied enough to provide support because as per the interview conducted with them they told us the office is not providing the required incentive as compared with other offices in Awi zone so the turn over is high.

- Entrepreneurs are also the major source of the problem because their profile shows that most of them did not have marketing background so they perform their marketing practices by rule of thumb, traditionally and unscientifically. This is resulted from they did not have completed even primary education, they did not have marketing objective which can guide their marketing performances, they believe that owning a little about marketing and originating from a specific place seems sufficient to perform business practices so the concerned party should provide short term and long term training which enhance the marketing performances.
- The other major source of the problem is the society at large because the communities have wrong perception about micro and small enterprises. They normally associate micro and small enterprise as producers of low quality products and produce for low class peoples and the society prefer buying imported products even if the products imported have less quality so the government should initiate effective promotion campaign to change the attitudes of the society.

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Addis Ababa University
College of Education and Behavioral Studies
Department of Business Education

☐ **Code Number (Only used by the Researcher)**

This questionnaire is developed to collect information from micro and small enterprise entrepreneurs of Awi zone as studies of Addis Ababa University in partial fulfillment of the requirements for the degree of masters of Arts in marketing management with the main objective of identifying major marketing problems, determining causes of the problem and providing constructive suggestions to solve the problems. The researcher would like to provide special thanks in advance for your collaboration and the information which is provided will be used for only for academic purpose and the data will not be provided to external parties whether they are a government institution or not.

Note:- To answer the Questions Please make “✓” to options on the box provided for close ended questions and write your answer on the space provided for open ended Questions.

Business Name _____

Total capital _____

Part one

1. Gender ☐ male ☐ female
2. Age
☐ Less than 18 ☐ Between 19-49 ☐ Above 49
3. Education at start up
☐ Primary ☐ Secondary ☐ First degree ☐ Masters Degree and above
4. Year of starting the business _____
5. Place of birth _____
6. What is your reason for establishing the business?
☐ Hope for better income ☐ Preference for self-employment ☐ Skills
☐ Family background in business ☐ Lack of alternative
7. Capital at startup
☐ Less than 5000 br ☐ Between 5000 and 10000 br ☐ Above 10000 br
8. Employees at start up
☐ None ☐ Less than five ☐ More than five
9. Employees currently
☐ None ☐ Less than ten ☐ More than ten
10. Family occupation ☐ Trader ☐ Government employs ☐ Farmers
11. Have you taken any Training ever before?
☐ Yes ☐ No
12. If you say yes what about? _____
13. Have the employees taken any training?
☐ Yes ☐ No
14. If say yes what about? _____

Part Two

1. Did you have a business plan when you first started this business?
☐ Yes ☐ No

2. Do you think a business plan is important for the success of a business?
☐ Very important ☐ Important ☐ Can not be important
3. How long have you been operating this business?
☐ Less than two years ☐ Less than five years ☐ For more than five years
4. How would you rate the organizational planning skills in your business?
☐ Excellent ☐ Good ☐ Faire ☐ Needs improvement
5. How would you rate staff members in your business?
☐ Professionals ☐ Casual labors ☐ Mixture of professionals and casual labors
6. How well do you know your competitors?
☐ Quite well ☐ fairly well ☐ I do not know them at all
7. Do you have a defined target market?
☐ Yes ☐ No
8. If you say yes please state _____
9. Did you have target revenue from the very beginning?
☐ Yes ☐ No
10. Do you have marketing Background?
☐ Yes ☐ No
11. Have you made any changes in the way you produce, package, and price and promote your products and services?
☐ Yes ☐ No
12. Have you ever designed the design for your products?
☐ Yes ☐ No
13. How many product items your are producing?
☐ One ☐ two ☐ three ☐ more than three
14. What do you consider when you set price?
☐ Production cost ☐ Demand ☐ Competition ☐ Supply ☐ None
15. Do you consider any other things other than profit when you set price?
☐ Yes ☐ No
16. How do you rate the price of your product with products which are produced by large businesses?
☐ Very expensive ☐ Very cheap ☐ Similar
17. Did you promote your product previously?
☐ Yes ☐ No
18. If you say no to the above question do you know the reason?
☐ Yes ☐ No
19. How do you distribute your products to your customers?
☐ By opening retail shops ☐ Through distributors ☐ Through wholesalers
20. Many researches show that micro and small enterprise are not effective marketers what do you think?
☐ Definitely true ☐ Partially true ☐ I don't think
21. If we say most of micro and small enterprises are not effective marketers what would be the reason?
☐ Lack of marketing skill ☐ Inability to employ marketing professionals
☐ Absence of consultants in marketing ☐ Performing marketing tasks inappropriately

Interview

Introduction

This interview is developed to collect information from micro and small intersperses government offices of Awi Zone as studies of Addis Ababa University in partial fulfillment of the requirements for the Degree of Masters of Arts in Marketing Management. The researcher would like to provide un limited thanks in advance for your office and the data in which your office is going to be provided will be used for only academic propose.

Name _____

Position _____

Experience _____

- ❖ How many micro and small enterprise exist in this specific woreda?
- ❖ How do you see the trends of micro and small enterprises in this woreda?
- ❖ What are you doing to support micro and small enterprises?
- ❖ How do you express the economic importance of micro and small enterprises to this woreda?
- ❖ Do you think that micro and small enterprises are operated by marketing professionals?
- ❖ Do you think that most of micro and small enterprises are successful?
- ❖ If we say that most of micro and small enterprises are not successful what would be the problem?
- ❖ What are the reasons to the problems of micro and small enterprises in your woreda?
- ❖ In your opinion what kind of problems micro and small enterprises are facing now?
- ❖ Are you providing support to micro and small enterprises to market their products in the local market as well as foreign markets?
- ❖ What do you suggest to entrepreneurs to over came both general and marketing problems of micro and small enterprises?

አዲስ አበባ ዩኒቨርሲቲ
ሥነ ትምህርት ባህርይ ጥናት ኮሌጅ
ቢዝነስ ትምህርት ክፍል

☐ መለያ ቁጥር (ለአጥኚው ብቻ የሚያገለግል)

መጠየቁ የተዘጋጀው በአዊ መስተዳድር ዙን ውስጥ የሚገኙ አነስተኛና ጥቃቅን ድርጅቶች የሚገጥማቸውን ዋና ዋና የገበያ አስተዳደር ችግሮችን ለመለየትና ምክንያታቸው ለማወቅ ብሎም ገንቢ የሆኑ መፍትሄ ሀሳቦችን ለማቅረብ ሲሆን ይህም በአዲስ አበባ ዩኒቨርሲቲ የማስተርስ ዲግሪ በገበያ አስተዳደር ለማግኘት የሚያገለግል የማሚያ ጥናት ሲሆን የጥቃቅንና አነሥተኛ ተቋማት ባለቤቶች ለሚያደርጉት ቀና ትብብር ወሰን የሌለው ልባዊ ምሥጋናዬን ሳልገልጽ የማላልፍ ሲሆን የጥቃቅንና አነስተኛ ተቋማት ባለቤቶች የሚሰጡት መረጃ ለትምህርታዊ አላማ ብቻ የሚውል መሆኑን በትህትና እንገልጻለሁ።

ማሳሰቢያ፦ ምርጫ ያላቸውን ጥቃቂዎች ለመመለስ “✓” በማድረግ መመለስ ይችላሉ። ነገር ግን ምርጫ የሌላቸውን ጥያቄዎች ከፊት ለፊታቸው በቀረበው ክፍት ቦታ መልሱን መፃፍ እንደሚችሉ ሳላስብ በደስታ ነው።

የድርጅት ስም

ጠቅላላ ሥራው የራሰሰው መዋለ ንዋይ በብር

ክፍል አንድ

1. ያታ ☐ ወንድ ☐ ሴት
2. ዕድሜ ☐ ከ18 በታች ☐ ከ19-49 ☐ ከ49 በላይ
3. ሥራውን ሲጀምሩ የነበረዎት የትምህርት ደረጃ
☐ መጀመሪያ ደረጃ ☐ ሁለተኛ ደረጃ
☐ የመጀመሪያ ዲግሪ ☐ ሁለተኛ ዲግሪና ከዚያ በላይ
4. ሥራውን የጀመሩበት ዓመት _____
5. የተወለዱበት ቦታ _____
6. ድርጅቱን ለመመስረት ያነሳሳዎት ምክንያት ምንድን ነው?
☐ የተሻለ ገቢ ፍለጋ ☐ ባለኝ ልዩ ችሎታ ☐ ከተቀጣሪነት መላቀቅ
☐ የቤተሰብ ንግድ ሥራ ታሪክ ☐ ምርጫ ማጣት
7. ሥራው ሲጀመር የራሰሰው መዋለ ንዋይ
☐ ከ5000 ብር ያነሰ ☐ ከ5000 ብር-10000 ብር ☐ ከ10000 በላይ
8. ስራ ሲጀመር የነበሩት ሠራተኞች መጠን
☐ ምንም ☐ ከ 5 ያነሰ ☐ ከአምስት በላይ
9. አሁን ድርጅቱ ያለው ሠራተኞች መጠን
☐ ምንም ☐ ከአሥር በታች ☐ ከአሥር በላይ
10. የቤተሰብ የሥራ ሁኔታ
☐ ነጋዴ ☐ የመንግሥት ሠራተኛ ☐ አርሶ አደር
11. ሥልጠና ወስደው ያውቃሉ?
☐ አዎ ☐ አልወሰድኩም
12. ለላይኛው ጥያቄ አዎ ካሉ የወሰዱትን ሥልጠና ቢገልፁልን _____
13. የድርጅቱ ሠራተኞች ሥልጠና ወስደው ያውቃሉ?
☐ አዎ ☐ አያውቁም
14. ለላይኛው ጥያቄ አዎ ከሆነ መልስዎት የወሰዱትን ሥልጠና ቢገልፁልን _____

ክፍል ሁለት

1. ሥራው ሲጀመር የንግድ ሥራ ዕድቅ ነበረው? ☐ ነበረው ☐ አልነበረውም

2. የንግድ ሥራ ዕቅድ ለሥራ ስኬታማነት ጠቀሜታ አለው ብለው ያስባሉ?
☐ አዎ በጣም ጠቃሚ ነው ☐ ጠቃሚ ነው ☐ ጠቃሚ አይደለም
3. ይህን የንግድ ሥራ ለስንት ጊዜ አንቀሳቀሱዋል?
☐ ከሁለት ዓመት ላነሰ ☐ ከአምስት ዓመት ላነሰ
☐ ከአምስት ዓመት ለሚበልጥ ጊዜ
4. የድርጅቱን የንግድ ሥራ ዕቅድ የመንደፍ አቅም እንዴት ይገልፁታል?
☐ እጅግ በጣም ጥሩ ☐ በጣም ጥሩ ☐ ጥሩ ☐ መሻሻል ያሻዋል
5. የድርጅቱን ሠራተኞች እንዴት ይገልጻቸዋል?
☐ ሞያተኛ ☐ የጉልበት ሠራተኛ ☐ የሁለቱ ድብልቅ
6. የድርጅቱን ተወዳዳሪዎች ያቋዋቸዋል?
☐ በሚገባ ☐ በመጠኑ ☐ አላቃቸውም
7. ድርጅቱ ሊያገልግል የሚፈልገው ማህበረሰብ በግልፅ አስቀምጧል?
☐ አዎ ☐ አላስቀመጠም
8. ካስቀመጠ ቢገልፁልን _____
9. ድርጅቱ ወደ ሥራ ሲገባ ማግኘት የሚፈልገውን የገቢ መጠን በግልጽ አሥቀምጧል?
☐ አዎ ☐ አላስቀመጠም
10. በገበያ አስተዳደር ያገኘው ትምህርትና ሥልጠና ይኖራል?
☐ አለ ☐ የለም
11. ድርጅቱ ከተለመደው ምርት፣ ማሸጊያ፣ ዋጋና ማስታወቂያና ማንኛውንም ማሻሻያ አድርጎ ያውቃል?
☐ ያውቃል ☐ ያውቃል ☐ አያውቅም
12. እስከ አሁን ድርጅቱ የራሱን የምርት ንድፈ አዘጋጅቶ ያውቃል?
☐ ያውቃል ☐ አያውቅም
13. ድርጅቱ አሁን ምን ያህል የምርት ዓይነቶች ለገበያ እያቀረበ ይገኛል?
☐ አንድ ☐ ሁለት ☐ ሦስት ☐ ከሦስት በላይ
14. ድርጅቱ ዋጋ ሲተምን ከግምት ውስጥ የሚያስገባቸው ነገሮች ምንድን ናቸው?
☐ የምርት ወጪ ☐ ፍላጎት ☐ ውድድር ☐ አቅርቦት ☐ ምንም
15. ዋጋ ሲተመን ከትርፍ ሌላ ከግምት ውስጥ የሚያስገባቸው ነገሮች ይኖራሉ?
☐ ይኖራሉ ☐ አይኖሩም
16. የድርጅቱን የምርት ዋጋ ከሌሎች በትላልቅ ድርጅቶች ከሚመረቱት ምርቶች ዋጋ አንፃር እንዴት ያዩታል?
☐ በጣም ውድ ☐ በጣም ርካሽ ☐ እኩል
17. ድርጅቱ ለሚያመርታቸው ምርቶች ማስታወቂያ ሰርቶ ያቃል?
☐ ያውቃል ☐ አያውቅም
18. ለሚያመርተው ምርት ማስታወቂያ ሰርቶ የማያውቅ ከሆነ ምክንያቱ ይታወቃል?
☐ አዎ ☐ አይታወቅም
19. ድርጅቱ ምርቶቹን ለደንበኞች የሚያሰራጨው እንዴት ነው?
☐ የግል መሸጫ ሱቆች በመክፈት ☐ በጅምላ ሻጫች በኩል ☐ በአካፈፋዮች በኩል
20. ብዙ ጥናቶች እንደሚያሳዩት ጥቃቅንና አነስተኛ ተቋማት ብቃት ያላቸው የገበያ ባለሙያዎች አይደሉም እርሶ እንዴት ያዩታል?
☐ እውነት ነው ☐ በከፊል ትክክል ነው ☐ ትክክል አይደለም
21. ምናልባት አብዛኞቹ ጥቃቅንና አነስተኛ ተቋማት የተዋጣላቸው የገበያ አስተዳደር ባለሙያዎች ካልሆኑ ምክንያቱ ምን ሊሆን ይችላል?
☐ መሠረታዊ የገበያ አስተዳደር አማካሪዎች አለመኖር
☐ የገበያ አስተዳደር ሥራዎችን በግብር ይውጣ ማከናወን
☐ የገበያ አስተዳደር ባለሙያዎችን ቀጥሎ አለማሰራት
☐ መሠረታዊ የገበያ አስተዳደር ጽንሰ ሀሳቦች ግንዛቤ ጉድለት

ቃለ መጠይቅ

መግቢያ፡- ይህ ቃለ መጠይቅ በአዊ መስተዳድር ዙን ውስጥ የሚገኙ አነስተኛና ጥቃቅን ድርጅቶች የሚያጋጥማቸውን ዋና የገበያ አስተዳደር ችግሮች ለመለየትና ምክንያታቸውን ለማወቅ ብሎም ገንቢ የሆኑ መፍትሔ ሀሳቦችን ለማቅረብ ሲሆን ይህም በአዲስ አበባ ዩኒቨርሲቲ የማስተርስ ድግሪ በገበያ አስተዳደር ለማግኘት የሚያገለግል የሚሟያ ጥናት ሲሆን መሥሪያ ቤቱ ለሚያደርግልኝ ቀና ትብብር ወሰን የሌለውን ልባዊ ምሥጋናዬን ሳቀርብ ደስታ ይሰማኛል።

ስም _____

በቦታው የሰሩበት ጊዜ _____

- በወረዳው የሚገኙ የጥቃቅንና አነስተኛ ተቋማት ቁጥር ቢነግሩን? በምን በምን የሥራ መስክ እንደተሰማሩ ቢገልፁልን?
- በጥቃቅንና አነስተኛ ተቋማት ላይ ያለውን ሂደት እንዴት ይገልፁታል?
- ጥቃቅንና አነስተኛ ተቋማት ለወረዳው ያላቸውን ምጣኔ ሀብታዊ ጠቀሜታ እንዴት ይገልፁታል?
- ጥቃቅንና አነስተኛ ተቋማት የሚንቀሳቀሱት በገበያ አስተዳደር ባለሙያዎች ነው ብለው ያስባሉ።
- አብዛኞቹ ጥቃቅንና አነስተኛ ተቋማት ስኬታማ ናቸው ብለው ያስባሉ?
- አብዛኞቹ ጥቃቅንና አነስተኛ ተቋማት ስኬታማ ካልሆኑ ችግሩ ምን ይሆን?
- ለጥቃቅንና አነስተኛ ተቋማት ስኬታማ ያልሆኑት ምክንያት ቢገልፁልን?
- ቢሮዎች አሁን ለጥቃቅንና አነስተኛ ተቋማት እያደረጉ ያለው የገበያ አስተዳደር ድጋፍ ቢገልፁልን?
- አሁን ቢሮዎች ጥቃቅንና አነስተኛ ተቋማት ምርታቸውን ለሀገር ውስጥና ውጪ ገበያ እንዲያቀርቡ እየተደረገላቸው ያለው ድጋፍ ካለ ቢገልፁልን?
- አሁን አነስተኛና ጥቃቅን ተቋማት እየገጠማቸው ያለውን ጠቅላላ ችግሮችና የገበያ አስተዳደር ችግሮች ለመፍታት የመፍትሄ ሀሳብ ካለ ቢጠቁሙን?

አዲስ አበባ ዩኒቨርሲቲ
ሥነ ጥምህርት ባህሪ ጥናት ኮሌጅ
ቢዝነስ ጥምህርት ክፍል



ABABA UNIVERSITY
COLLEGE OF EDUCATION AND
BEHAVIORAL STUDIES
DEPARTMENT OF BUSINESS EDUCATION

Date: October 28, 2010

To: The Micro and Small Enterprises Development Agency,
Addis Ababa,
Ethiopia.

From: Dr.K.S.Bose, Associate Professor,
Department of Business Education, Addis Ababa University.

Sir / Madam,

Sub: Requisition to provide the data for an academic research: Reg.

I am very happy to introduce one of my students, Mr. Tesfaye Gedyoa, who is perusing his Masters in Marketing Management Education would like to carry out his thesis on " Micro and Small Enterprises in Awi Zone of Ethiopia under my supervision. We are planning to conduct research entitled "Assessment of Marketing Practices of Micro and Small Enterprises in Awi Zone of Ethiopia ". In this connection, I request your good office to support us to carry out this study by providing necessary data. I assure you that, the data will be kept confidential and used for the academic purpose only.

Thanking you

Yours truly,

(Dr.K.S.BOSE)

Station: Addis Ababa University



Declaration

I, the undersigned, declare that this thesis is my original work, has not been presented for a degree in any other university and that all sources of materials used for the thesis have been dully acknowledged.

Declared by:

Name: Tesfaye Gedyon

Signature: [Signature]

Date: May 24 2011

Confirmed by Advisor:

Name: K.S.Bose

Signature: [Signature]

Date: May 24 2011

Place and date of Submission: **Addis Ababa University, May 2011**

