

Marketing Communication Strategies of Micro and Small Enterprises: Case Study in Bahir Dar

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Abstract

The contribution of Micro and Small Enterprises in alleviating poverty and in initiating economic development is found tremendous. Unfortunately, the development and contribution of MSEs in Bahir Dar could not be significant as expected or required. They have been facing financial and infrastructural constraints. Besides, they are involved in the competitive business environment with big firms and companies, and in the society who have long standing attitudinal problems towards MSEs and their products. Generally, MSEs in Bahir Dar are found in the deficiency situation of generating customers for their products and services. The aim of the research, therefore, is exploring the marketing communication strategies used by MSEs in Bahir Dar, analyzing those marketing communication strategies within the framework of marketing communication principles, and identifying appropriate marketing communication strategies that suit the business and socio-cultural context of the study area. The researcher used qualitative research method and in-depth individual interview and focus group interview as data gathering instruments to perform the study. The outcome of the research has indicated that MSEs have not used appropriate marketing communication strategies and in the way that could tackle those business and socio-cultural problems. They rarely and inefficiently used media publicity, exhibition and word-of-mouth marketing communication tools. But, the application of only commercial marketing techniques and to such level could not be efficient in this business and socio-cultural environment. And implementation of social marketing technique is crucially important to tackle long standing and deep rooted negative attitude of the society to MSEs and their products in addition to appropriate application of publicity and word-of-mouth marketing communication.

CHAPTER ONE

1. INTRODUCTION

1.1. Background of the Research

Micro and Small Businesses are essential actors in the development process. Together with large enterprises, they play a key role in mobilizing public and private resources and allocating them to productive activities. They allow the rural and urban poor-including some of the most marginalized and vulnerable strata such as women, youth, and the landless-to diversify their incomes, create new sources of economic growth and generate additional employment, including self-employment(Leebert, 2006).

Besides, Micro and Small Enterprises(MSEs) provide the main driving force behind the inter-related flows of trade, investment and technology, on which the strength and dynamism of the economy depends: promoting national and regional economic development goals; promoting employment, particularly in creating new jobs; alleviating poverty and assisting those who are disadvantaged; facilitating the transition to a market economy; promoting equity and addressing uneven development (Leebert, 2006).

The significance of the contribution of Micro and Small Enterprises to national development goals is being recognized increasingly in many different countries and much emphasis has been

given. According to Ethiopian Ministry of Information (2001), the recent years planning and policy-making in Ethiopia appear to have been characterized by the understanding that there must be a shift from emphasis on large-scale enterprises towards the small and medium sized enterprises, including micro enterprises. It is felt that micro, small and medium-sized enterprises are able to contribute to the achievement of national development objectives.

However, these economic sectors have been found in a tough business environment. As is mostly the case and common recognition, 'Competition is Cruel', between Micro and Small Enterprise and big National and International Companies for the search of market and customers. According to Clow & Baack (2004) and Jewler (1981), the global market consists of an increasingly complex arena of competition within rapidly changing international business and socio-cultural environment.

In the face of these sophisticated and cluttered market conditions, firms try to be heard and try to use different methods and a number of ways to reach out to their customers and to persuade them to buy their products. And these methods and ways are dynamic and continually increasing.

Due to the existence of larger enterprises, which sell similar products with reduced price, Micro and Small Enterprises in Ethiopia are forced to sell at any lower price. And of the Micro and Small Enterprises and owners lack education, managerial and marketing skills, have limited means in obtaining effective and relevant data as well as information on market, have tight budget to plan on promoting their products, Besides, majority of them do not have access to

modern communication technologies involving in less business awarded socio-cultural environment (Eshetu & Zeleke (abs), 2009).

On the other side, some larger companies relative to Micro and Small Enterprises have advantages due to: selling at reduced price without reducing product quality using economies of scale; customer targeting capacity; proper and intensified product or service advertising capacity; good personal contacts and networks; sound industry reputation; sufficient information regarding existing market and capacity to exploit more market opportunities. (Ethiopian Business Developments Services Network [EBDSN], 2009).

Besides, according to Angelopulo & Barker (2005), business communication is undergoing dramatic changes as big organizations use creative strategies, and reinvent new techniques to convince customers. Further, new communication technologies have widened opportunities for companies to contact their prospects or customers more conveniently, and create close relationship between the company and their customers.

Furthermore, E. Belch & A. Belch (2001) pointed out that the fragmentation of mass markets, the explosion of new technologies that are giving consumers a greater control over the communication process, the rapid growth of the internet, and electronic commerce, the emergence of global markets and economic uncertainties are changing the way companies are approaching of marketing as well as advertising and promotion.

Accordingly, appropriate and efficient communication with consumers or customers is a key factor in the business arena or in any development process (Sarvaes, 1999). Hence, efficient customer communication strategies and tactics are crucially important to persuade and generate new customers and to maintain the existing ones, either in big companies or micro and small business enterprises (Ober, 2006).

Big companies use integrated marketing communication strategies, and hence, consumers perception of a company or a product is a synthesis of a bundle of messages through media advertisements, price, package design, direct marketing efforts, publicity, sales promotions, websites, point of purchase displays and even the type of store where a product or a service is sold (Biagi, 2005; Bienvenu & Timm, 2002).

1.2. Statement of the Problem

Communication in the business area has become a crucial battle. According to Monippally (2001) communication in the business is a journey where no one has the luxury of zipping through the communication highway. If it is so, it would be a surprise how Micro and Small Enterprises have competed and could be competent in this tough business environment, particularly in Ethiopia where there is a peculiar socio-cultural environment: which the society has low affiliation to make a business, and have a low respect towards micro and small business activities. Generally, Micro and Small Enterprises in Bahir Dar are deficient to generate customers to their products and services.

1.3. Objective of the Research

General Objective

The study aims at to explore marketing communication Strategies used by Micro and Small Enterprises in Bahir Dar. It is also designed to look into whether or not those marketing communication strategies are efficient to generate customers in business and in such socio-cultural environment of the study area.

Specific Objectives

1. Explore the main marketing communication strategies used by Micro and Small Enterprises in the study area.
2. Analyze those marketing communication strategies used by Micro and Small Enterprises with the mirror of marketing communication principles.
3. Identify efficient marketing communication strategies which could be appropriate to reach to consumers effective to cut through the clutter of overwhelming and influencing marketing communicating strategies of big National and International Companies, and which could tackle the socio-cultural problems that have faced MSEs businesses.

1.4. Research Questions

1. What communication media MSEs in Bahir Dar have used to promote their products?
2. What kind of marketing communication strategies and tools MSEs in Bahir Dar have used to generate new customers for their products and to maintain existing ones?
3. Are those marketing communication strategies being used efficient in generating new customers and retaining existing ones?
4. What marketing communication strategies could be efficient in the business and socio-cultural environment of the study area?

1.5. Scope of the study

The study mainly focuses on exploring marketing communication strategies used by Micro and small enterprises in Bahir Dar city and analyzing them in the framework of basic marketing communication principles. The study area is also limited to Bahir Dar city and the subjects of the study are MSEs and consumers in the indicated city and MSEs Development Agency from regional to kebele level. The data, therefore, were collected from MSEs and consumers in the city and only from MSEs Development Agency in three levels: regional, city and Keble levels.

1.6. Limitation of the Study

The study is limited to Bahir Dar city MSEs and consumers who reside only in the indicated area due to time and financial constraints. Consequently, the study result represents only the indicated area and the subjects of the study, and therefore, difficult to generalize to other situations and locations.

1.7. Significance of the Study

Researches show that MSEs in Bahir Dar city, Amhara National Regional State and national level are found in a frustrated situation of generating and maintaining customers. Hence, the study could contribute a lot in indicating the main causes of marketing communication deficiencies and highlighting appropriate marketing communication strategies.. Besides, the

researcher hopes that the study could be used as a stepping stone to further researchers on the issue.

CHAPTER TWO

2. REVIEW OF RELATED LITERATURE

2.1. What Is Marketing

Throughout history, different scholars defined marketing differently. According to Stanton, Etzel and Walker (1991), when one tries to persuade somebody to do something he/she is performing a marketing activity. It is usually performed in every aspects of life: social, political and economical world. In addition to goods and services; ideas, people, and places are marketed.

Baker (1972) classified different definitions of marketing: definitions which conceive of marketing as a 'process' enacted via the marketing channel connecting the producing company with its market; definitions which see marketing as a concept or philosophies of business- the idea that marketing is a social exchange process involving willing consumers and producers; and definition which emphasizes marketing as "orientation the phenomenon" which makes the concept and the process possible.

The American Marketing Association defines marketing as the process of planning and executing the conception, pricing, promotion and distribution of ideas, goods and services to create exchanges to individual and organizational objectives (cited in Burnet & Moriarty, 1998).

For the purpose of this research I take the definition of Kotler (as cited in Baker, 1972, p.4) “marketing is a set of human activities directed at facilitating and consummating exchanges”.

The central point to all of these definitions is the role of customer and customer’s relationship to a product i.e. good, service or idea (Burnett & Moriarty, 1998). According to Stanton, et al., (1991), the essence of marketing is transaction-an exchange of something of value with another social unit, and it consists of all activities designed to generate and facilitate any exchange intended to satisfy human needs and wants. And an exchange to occur, there is a need for voluntary involvement of two non self-sufficient social units who contribute something of value and communicate each other.

2.1.1. Origin and Evolution of Marketing

The origin and evolution of marketing is directly related to the economic problems and solutions, and economic development stages (Baker, 1990). In the early stages of economic development history, particularly in the 19th century and before, almost all economic activities were organized on the bases of production and consumption of self-sufficient level. Each self-contained community endeavored to meet all its own requirements with regard to both production and consumption. The factors of productivity, and the skills and knowledge of workers reduced production in the craft and subsistence level and concerned primarily with satisfying the essential requirements of life: food, shelter and clothing.

But, relation to some reform in the economic structure i.e. from feudalism to capitalism, craft industry leads to specialization in the production of particular goods which can then to be

exchanged with other goods. However, at this economic development stage the volume of production was small and there was very limited range of exchange with in internal and external markets. But, after application of the principle of division of labor, and emergence of industrial revolution enormous increase in production has occurred and has necessitated the development of channels of distribution for the exploration of much larger market. Therefore, concurrent with increase in output of both capital and consumer goods, lines of communicative were developed, as were distributive channels, to cope with the movement and sale of this output. Thereafter, in the beginning of 20th century, due to the creation of excess supply and under the conditions of large number of producers competing for the privilege of supplying the consumer with their own output combating the claim of alternative and substitute goods, marketing has gotten its vital position; replacing the activity of selling-merely distributing one's output. And Diamond & Pintel (1980) pointed out that marketing is an answer for overproduction.

Stanton, et al., (1991) identified three stages in the evolution of marketing. The first stage is the "production orientation" stage where marketing effort is not needed to get people to buy a product that is well made and reasonably priced. Instead, organizations use "sales departments" to manage sales force. The second, called "sales-orientation stage" originated after the great depression, based on the knowledge or realization that the sales of products required substantial promotional effort. In the third, stage called "marketing orientation" stage, attention is focused on marketing rather than selling. This stage is customer oriented stage-based on customer satisfaction and it is a stage of coordinated marketing activities (as advertising, product planning, and pricing). Nonetheless, not all organization reaches the third stage currently and many may be in the first or second stage.

But, according to them, the traditional marketing concept has come under scrutiny and fire. So that a new concept of societal marketing concept is being introduced with long-term view of customer satisfaction and social responsibility, keeping the social and economic demands of customer and the society at large (Stanton, et al.,1991).

2.1.2. Functions of Marketing

The foundation of marketing is exchange, and consists all activities designed to generate or/and facilitate exchange. Business firms and non-profit organizations carry out marketing for intangible services, ideas, people places as well as tangible goods. And it is practiced in all modern nations regardless of political philosophies as international competition has heated up the attention paid to marketing (Stanton, et al., 1991).

According to Diamond & Pintel (1980), four areas have to be blended together (called marketing mix) to achieve marketing success: product, place/distribution, promotion and price. These elements are closely interrelated and it is impossible to consider one more important than the other, and success of any institutions marketing depends up in the effectiveness of each and every element of marketing mix. Promotion is communicating with largest market about the product, place, and price of the goods. And there are many ways in which this information can be directed to the consumer, and the marketing division must select the media that best suited to the particular marketing mix.

2.2. Marketing communication

To insure a product to be sold successfully businesses must do more than to produce the product, charge the lower price or place the product just in best places. It is also important to market the product with creative, informative, and interesting messages to show how the product meets the needs and wants of the product. And therefore communication is a key factor to marketing (Burnett & Moriarty, 1988)

This communication of a marketing message to customers is identified as marketing communication. Burnett & Moriarty (1988, p.3) defined it as “the process of effectively communicating product information or ideas to the target audience.”

The purpose of marketing communication is to provide a set of information to a target audience in a way that to encourages a buying response. All marketing communications try to persuade the target audience to change attitude or behavior towards a certain product or service. Marketers persuade in many ways. They provide information, reasons and incentives. That is marketers try to create brand awareness, deliver information, educate consumers and advance positive image (Burnett & Moriarty, 1988).

2.2.1. Marketing Communication Strategies

The current market consists of a very complex arena of competitors with a rapidly changing market environment. New firms, which range from micro and small business to big international companies, formed on daily bases. At the same time, a varied and modern marketing communication strategies and approaches, as simple as using small boards to methods complex as establishing global websites emerged. The numbers and ways to reach out to customers

continually increases and changes dramatically. Firms try to be heard and attempts to speak with clear voice amidst of sophisticated and cluttered market environment.

Businesses use a range of marketing communications tools to promote their company products and services. The common ones, as identified by Burnett & Moriarty (1998), are advertising, sales promotion, public relations, direct marketing, personal selling, merchandise materials, packaging, licensing, customer service. These are identified as planned messages. Besides, they add unplanned messages elements associated with a company or brand that are capable of delivering implicit messages to consumers include unfriendly receptions, unclean transportations and antiquated buildings, etc which all deliver negative messages that may have more impact than all planned marketing communication messages. Both, planned and unplanned, types of communication are equally important and crucial, and both work together to influence the consumers' decision to buy the product or service. And "one of the most important communication trends of this decade is a shift to integrated marketing communication (IMC)" (Burnett & Moriarty 1998, p.14).

2.2.1.1. Integrated Marketing Communication (IMC)

Marketing communication has evolved in recent years as communication between the producers or service providers and their customers turn from one way to interactive. The more interactivity and frequency of contacts are expected to dominate the way to reach customers.

An integrated marketing communication is now one of the most interesting developments as most media communicating with the target audience are

gradually evolving. The revenues of traditional mass media with wide coverage such as over-the-air broadcast television and newspaper are dropping as advertising revenues for these mass media do not provide promising results as expected by marketers. (Hongacharu, 2009, p.1)

Integrated marketing communication is a process of unifying all marketing communication tools or it is coordination and integration of all marketing communication tools, avenues and sources in a way that impact consumers (Clow & Baack, 2004; Burnett & Moriarty, 1998).

The move towards integrated marketing communication is one of the most significant modern marketing developments and is being adopted by both large and small companies and has become popular among firms marketing consumer products and services to consumers as well as business to business marketers (E. Belch & A. Belch, 2001). According to them, many companies are realizing that communicating effectively with customers and other stakeholders involves more than traditional marketing communication tools. The integrated marketing communication approach is providing to be a permanent change that offers significant value to marketers, in a rapidly changing communication environment; major changes with respect to demographics, lifestyles, media use and buying patterns (E. Belch. & A. Belch, 2001).

Mass media such as TV, radio, magazines and news papers are becoming more fragmented and reaching smaller and more selective audiences. In addition, marketers are facing the problem of consumers being less responsive to mass media, particularly advertising. Many consumers are tired of being bombarded with sales messages, and marketers are to look for alternative ways to

communicate with their target audiences such as making their selling messages part of popular culture (E. Belch & A. Belch, 2001).

2.2.1.1.1. What are the Reasons for Using IMC?

Companies that do use integrated marketing communication coordinate all the tools to create synergy. That is, each tool has more impact working jointly to promote a product than it would work on its own. Each tool can reach audiences in different ways; some of which complement one another and reinforce each other's efforts, for example, advertising is capable of reaching large audiences simultaneously and repeatedly and prod at in forcing customers about new products and positive experiences about the product. Public relation is effective in creating highly credible images. And sales promotion is effective at stimulating immediate responses. (Burnett & Moriarty, 1998)

They believe that, due to heightened global competition, technological advancement and more informed customers, businesses demand more efficiency, stronger customer loyalty and more powerful impact. This implies that business require better communication plan with optimum budget. IMC is most cost effective practice in this regard that it carefully coordinates and communicates the marketing mix. This is particularly essential for smaller cost conscious companies that can't offered enough money for advertisement campaigns. In modern and developed world, firms can segment and target their audiences using message delivering technologies (such as internet) instead of spending huge sum of money on mass marketed advertising.

To increase brand loyalty, firms are emphasizing on relationship marketing-building long standing positive relationship with customers. Relationship marketing needs integrated communication processes and moves the communication as close as possible to one-to-one communication (Burnett & Moriarty, 1998). The integrated marketing communication components include advertising, direct marketing, point of purchase merchandising, sales promotion, personal selling, event marketing, public relations, packaging, trade shows. And each tool has its own advantages and disadvantages (Clow & Baack 2004; Burnett & Moriarty, 1998).

Advertising creates awareness of a product and informs large audiences. But it is intrusive, operates in a much cluttered environment and is expensive. Whereas public relations can create good will, can place message in the media that benefit from the media's credibility and focus on news worthy information; monitors attitude to assess a brand image; communicates with many audiences, but hard to measure its effectiveness. Sales promotion does stimulate immediate response by adding incentives and by creating tangible extra values. And creates excitement, and increase repeat behaviors. But, it adds clutter, creates expectation of lower prices and may undercut brand image and long-term brand loyalty. Direct marketing can be highly targeted, excellent for reaching small audiences and can create one-to-one communication and creates a means to customer feedback but its effectiveness depends on accurate database and often could be discarded due to clutter. Personal selling is the most personalized tool in business to business products and delivers the most informative and persuasive messages. But it is the most expensive form of marketing communication (Clow & Baack 2004; Burnnett & Moriarty 1998).

2.2.1.2. Publicity

American Marketing Association (as cited in Diamand & Pintel, 1980) defined Publicity as the non personal stimulation of demand for a product, service or a business unit by planting commercially significant news on media that is not paid by the sponsor.

The issue is promotion without cost (or with little cost), and large companies employ public relation staffs charged with the responsibility of preparing releases about their offerings that might attract the media. Though the source does not pay for the placement, it has little control over the information used. The media uses the information believing that it has news value (Cultlip, Center & Broom, 2000; Biagi, 2005)

Publicity is similar to advertising that it is a mass communication type of demand stimulation. It usually consists of favorable news presentation or usually takes the form of news story appearing in a mass medium or an endorsement provided by an individual informally or in a speech or interview. News releases, personal communication with a group as press conferences, speeches of civic or professional groups; and one-to-one personal communication, messages of powerful people or legislators to influence opinions, or give products to highly visible people in hopes that the people will be seen using them are some of the techniques(Stanton, et al., 1991).

According to them publicity can help to accomplish any communicative objectives as announcing new products, publicizing new policies if the message is viewed by the media

as newsworthy and by the group or individual recipient interesting or useful. It implies that publicity cannot be forced on the audience.

Stanton, et al., (19991) identified some benefits and limitations of publicity. Though publicity has lower cost than advertising and personal selling, gets greater readership, has more information than standard advertising and is timeless, it has also limitations that there is no way to control the message, and it has limited exposure to audience. Hence, Adler (1989, p.108) remarks that “all publicity sent out or being used by media must be evaluated by its ability to reach the target market”

2.2.1.3. Word-of-Mouth Marketing Communication

Though word of Mouth Marketing is defined differently by different people many agree with the idea of giving people a reason to talk about your products and services and making it easier for that conversation to take place. That is building active, mutually beneficial consumer-to-consumer and consumer-to-market communications. It involves the activities a company or an individual or an institution takes to generate a favorable statement from its customers and to acquire new customers. And trust and credibility of the product are amongst the very important pillars of word-of-mouth marketing. When a person we trust recommends a product or a service, we trust his/her recommendation and take resultant action. Besides, in the word-of-mouth marketing the product or the service is essentially being convincing and value for money. Word

of mouth marketing is the most potential way to affect a product or service market strength and it involves effortless dissemination of information with most cost effective marketing method. Besides, it is not much affected by any fluctuations in the economy or rising competition in the business (M. Kaitati & G. Kaitati, 2004).

Word-of-mouth marketing concept is the oldest, most cost efficient and most effective of all known marketing methods. Word of mouth marketing has an immense potential to boost the sales of your product or your service sustainability, it is favorable and vice versa if the word of mouth is negative for your offerings. (M. Kaitati & G. Kaitati, 2004, p.1)

2.2.1.3.1. Types-of-Word of Mouth Marketing

Understanding word-of-mouth marketing is a strategy of making people to communicate with each other about some businesses; different scholars identified word of mouth marketing as viral marketing, community marketing, product seeding and referral programs.

“Viral marketing” is creating information that is meant to be passed along. “Community marketing” is a process of supporting a niche community that is likely to share interests or have needs to the business and gaining customers and creating brand awareness. “Product seeding” also known as “influencer marketing” is getting someone with influence in ones niche to use or be seen using one’s product and gain instant recognition. “Referral programs” is another very common and somewhat more attainable word of mouth marketing technique which helps to get

one product or service in to the hands of nationally known figure (Trusov, Backline & Pauwels, 2008)

2.2.1.3.2. Influencers and Word-of-Mouth

Word of mouth marketing can simply mean getting people talking about a business, products and services. And to maximize the power of word-of-mouth marketing, it is helpful to find key influencers to spread the word. Some of the influences could be the socialite, the powerhouse and the celebrity (Trusov, et al., 2008).

“The socialite” is an individual who seem to know everyone everything or many people. She/he is good at spreading the word. However, may or may not have any influence on decisions. “The powerhouse” is a person whom everyone looks up to and who has a tremendous amount of credibility. He/she is well respected and simply being able to use his/her name may have tremendous power. “The celebrity” is a person that has reached celebrity status and simply being able to affiliate with them; increase brand awareness and word of mouth marketing.

2.2.1.3.3. Customer Service and Word-of-Mouth

Many researchers show that, in any service, critical decision for a firm is the determination of the appropriate level of customer service. A customer’s trust is built on one’s product by the attitude of a customer service. Or good customer servicing positions one’s product on an excellent position. When customers are not satisfied with a service they are not only likely to terminate the service but also relate their unfavorable service experience to others and resulting in decreased sales.

We find a direct effect of service quality for rental usage and termination. In addition, we find that word of mouth (the indirect effect) affect about one fifth of the subscribers with respect to their activation behavior ---. This implies that service quality is important for new customer acquisition in a sense that the heavy users tend to be acquired by word of mouth rather than advertising. (Nanu, Manchada & Chintagunta, 2006, p.2)

2.2.1.3.4. Word-of-Mouth and New Product Diffusion

Marketing scholars and practitioners have long realized the role of consumer word of mouth in the success or failure of new product. They identified that media publicity is especially effective in generating word-of-mouth and word-of-mouth is a key source of quality learning. Besides, they indicated that word-of-mouth has larger informative effect than publicity and advertising combined, and has a significant persuasive effect though its informative effect dominates (Luan & Neslin, 2009).

They proposed that marketing communication influences consumer choice either by diagnostic information about quality (the informative effect), or by increasing product awareness or salience (persuasive effect.) If the informative effect dominates, higher quality products benefit more from word-of mouth marketing, and marketers of high quality should design word of mouth marketing program.

Word-of-mouth is the dominant source through, which consumers learn about product quality, accounting for about 80% of quality learning while publicity accounts

for the remaining 20% for average video game. Advertising has a significant informative effect only for the sub group of products that are major innovations although word-of-mouth still dominates for these products... publicity, word of mouth and media advertising all has persuasive effects in increasing order of magnitude. (Luan & Neslin, 2009, p.4).

According to them, significant position of publicity effect on sales is achieved through its indirect impact on consumer word-of-mouth. And this suggests that marketing communications, particularly media publicity, can play a major role in seeding and facilitating word-of-mouth to increase sales. But, the exact informational content of media coverage plays a very small role in consumers' quality learning process.

2.2.1.3.5. Word of Mouth vs. Mass Media

Word of mouth marketing has recently attracted great deal of attention among marketers. They believe that it is the world's most effective, yet least understood marketing communication strategy. Marketers today are particularly interested in better understanding of word-of-mouth marketing as mass media marketing communication such as ads appear to be losing effectiveness. Word-of-mouth marketing strategies are appealing as they combine the prospect of overcoming consumer resistance with significantly low costs and faster delivery (Tuk, Verlegh, Smidts, & Wigboldus, 2010)

However, according to them, broadcast marketing activities may stimulate word-of-mouth marketing in addition to their direct effect in customer acquisition. But, concerning their impact

in customer acquisition word-of-mouth has much stronger impact than using broadcast media. Even some researchers found that word-of-mouth was seven times more effective than print advertising in influencing consumers to switch brands (Laun & Neslin, 2009; Trusov, et al.,2008)

Word-of-mouth remains the most effective forms of promotion and that peer group recommendation is the ultimate marketing weapon. ... It is considered to be available alternative to conventional advertising because it is perceived as faster and personal than traditional advertising. (M. Kaikati & G. Kaikati , 2004, p.6)

They elaborated that the factor contributing to the diminishing effectiveness of advertising is that it is difficult to track potential customers. As the number of television channels, radio stations, and consumer publications proliferate, audiences are fragmented in to smaller groups, thereby making it more difficult and expensive to reach the audience of a given size. Besides, researches show that young persons, especially young males are watching less television and playing more video games and it is more difficult to convince potential customers to sit through the TV commercials. Consequently, marketers increase spending on program sponsorships and product placement deals, which are not easily bypassed.

2.2.1.4. Social Marketing

Social marketing is the design, implementation and control of programs calculated to influence the acceptability of social ideas; and involving considerations of product planning, pricing, communication, distribution and research. It emerged as a part of international development

efforts in the third world (McFadyen, Stead and Hastings, 1999). According to them social marketing has a great role to influence behavior of individuals, policy makers and influential interest groups, organizations and societies.

Many marketers use information campaigns and marketing to influence people's behavior and reduce the risk of consumer detriment. These informed campaigns often focus on the penetration and accessibility of the information but it is not on its success on achieving of the messages being delivered. Weinreich (2009, p.1) noted that the primary focus of social marketing is the consumer, and used to 'sell' ideas, attitudes and behaviors. "Social marketing seeks to influence social behaviors not to benefit the marketer, but to benefit the target audience and the general society".

Social marketing focuses on change in a behavior that is highly intuitive, innate and/or long extending. It takes the consumer focus by addressing the elements of the marketing mix: product, price, distribution (place) and promotion. It focuses on what people want and need rather than trying to persuade item to buy ("Social Marketing," n.d.).

The social marketing "product" is not necessarily a physical product. A continuum of products exists ranging from tangible physical products, practices and more intangible ideas (as alleviating poverty, environmental protection, national development).

"Price" refers to what the consumer must do in order to obtain the social marketing product. This cost may be monetary, time, effort or to risk embarrassment and disapproval. If the benefits are

perceived as greater than their costs, chances of trial and adoption of the product is much greater. If the costs outweigh the benefits for an individual, the perceived value of the offering will be low and it will be unlikely to be adopted. Social marketers should balance the price considering to increase the perception the consumers on the product and to confer a sense of dignity i.e. if the price is too low, consumers may perceive it as being low in quality.

“Place” describes the way the product reaches the consumer. This includes the distribution system for the tangible product and decisions about the channels through which consumers are reached with information for the intangible products. It also refers to deciding how to insure accessibility of offering and quality of the service delivery.

“Promotion” consists of the integrated use of advertising, public relations, media advocacy, personal selling and entertainment vehicles. The focus is on creating and sustaining demand for the product

Many researches show that the ultimate objective of social marketing is to influence action and to bring social change and it will be more effective if it is based on an understanding of the target audience’s own perception of the proposed exchange. According to McFadyen, et al., (1999), in social marketing, a consumer is assumed to be an active participant in the change process. And the marketing does not occur unless there are two or more parties, each with something to exchange and both able to carry out communication and distribution. The motivation to participate in exchange or resources and values is to satisfy needs, and exchange in social marketing puts a key emphasis on voluntary behavior.

According to them, social marketing has some unique characteristics from simple commercial marketing. It has extended its scope beyond physical goods to encompass ideas and behavior change. The ideas may include beliefs, attitudes and values. Besides, social marketers must not only uncover new demand but also must frequently deal with negative demand, when the target group is apathetic about or strongly resistant to a proposed behavior change. When the product benefits are intangible and relevant to the society rather than the individual it is harder to generate a need for a product i.e. it is harder to bring about behavior change when the benefits are difficult to personalize and quantify, and therefore marketers must work much harder.

The purpose of social marketing is to change individual's behavior to achieve socially acceptable goal and to benefit the individual or the general community. It is a policy tool that can be used when the best policy response is to target behavioral change. It recognizes the difficulties associated with true behavioral change and has a concrete focus on enabling that change and reducing the barriers to change. The changes here are far more ambitious than commercial marketing as commercial marketing lacks fundamental, long term behavioral change while commercial marketers usually aim to induce consumers to change brands or try new product. (Cousins, 2006).

Many consumer problems are similar to those in environmental and health fields, as Cousins said, and social marketing strategies being used in environmental and health fields have been compressively used in consumer issues.

Consumer information and education strategies are similar to strategies that have been used for other social policy, such as those encouraging people to protect the environment or change their life style to improve their health. (Cousins, 2009, p.19).

Many marketers assume that providing information or increasing awareness automatically leads to behaviors change. They concentrate, in their marketing strategies: on publications targeting industry sectors, websites, leaflets, and fact sheets, direct mail, publications distributed at the point of sale and media comparisons. These strategies are evaluated on whether the information was clear, accessible, and increased awareness. But, Robinson (1998) (as quoted in Cousins, 2006, p.10) indicated that “our aim is not to get people to know more things, we are trying to get people to change what they do.”

Information and communication while an important component of any behavioral change strategy, is unlikely to generate behavioral change alone. Information and awareness campaigns though widely used for achieving public interest goals; they are known to be less effective than other strategies as observing how others behave and modeling one’s behavior on what is seen around. And information alone will not motivate someone to adopt a new behavior as it is equally clear that a lack of information can be a barrier to change behavior. (Jackson, 2005 & Monroe, 2003, as cited in Cousins, 2006)

The tools used in social marketing are designed to remove barriers to behavioral change, encourage and reinforce positive behavior, galvanize shared feeling and motivations within communities. Social marketers combine communication with other tools and emphasize some

elements of communication used and the way in which messages are presented and derived (Cousins, 2006)

In social marketing communication the information is used to generate awareness of the problem and potential alternative behaviors, and show the people how to carry out the new activity. The mechanisms used for delivering information focus less on mass media and broadcast campaigns. But the information is segmented, more personal, vivid, concrete and credible. Avenues are thought to redeliver information through interpersonal contacts and by modeling effective behavior i.e. it facilitates social diffusion. (Andreasen, 1995; Deyoung, 1989 & Costanzo et.al., 1986, as cited in Cousins, 2006)

According to Cousins, social marketing differs from other alternative approaches to behavioral change such as education, persuasion, behavior modification and social influence that it emphasizes behavior at the bottom line for everything it does and does not settle for merely changing awareness or attitudes.

2.3. Consumer Behavior

Engel, Blackwell & Kollat(as Cited in Baker, 1990, p.61) define consumer behavior as “acts of individuals directly involved in obtaining and using economic good and services including the decision processes that proceed and determine their acts.”

Mooij (2004) also defines consumer behavior as the study of the process involved when individuals or groups select, purchase, use or dispose of products, services, ideas or experiences, needs and desires.

Marketers constantly endeavor to influence consumer decisions. They carefully develop strategies and messages that will entice buyers to purchase their products. But, consumers do not immediately entice to purchase a product. Clow & Baack (2004) identified five steps in the consumer decision making process to purchase any good or service: problem recognition, information search, evaluation of alternatives, purchase decision and post purchase evaluation.

2.3.1. Social, Cultural and Situational Environment

The basic micro economic model rests consumer behavior on the principle of utility or satisfaction, i.e. consumers buy products where the marginal utility (additional satisfaction from consuming one more unit of those products) per dollar's worth of any one product equals the marginal utility per dollar's worth of any other product for a given period of time. This is based on the assumption that consumers derive satisfaction from consumption, and that they seek to maximize their overall satisfaction within the limitations of their income level in relation to a given site of price. (Kassarjian & Robertson, 1968)

However, Katona (as cited in Kassarjian and Robertson, 1968) takes into account psychological factors, such as motive and attitudes that affect consumption decisions. Behavioral scientists viewed consumers as entities acting within social and cultural environment and purchasing is not governed not only by the technical features of the product but also by its total symbolic

meaning or brand image. And culture, social class, group influence, motivation and personality are affecting consumer behavior.

Behind these forces lay other causal influences. They involve the structure of the society in which individual lives, and its long standing economic and cultural traditions. While these social and cultural factors may seem as remote as to be alien to specific analysis of purchase behavior they are nonetheless important casual influences. (Kassarjian & Robertson, 1968, p.4)

According to Clow & Baack (2004) consumers buying behavior is highly shaped by cultural, social setting, and situational environment i.e. cultural background and social influences, particularly peer groups and friends influences, highly impact purchasing.

2.3.2. Attitudes, Values and Behavior

Values and attitudes have their own impact on consumer purchasing decisions. If a consumer has positive attitude towards a brand the propensity to buy that brand is higher. Attitude consists affective, cognitive and conative components. Affective component contains the feelings or emotions a person about a good or service; the cognitive component refers to a person's mental images, understanding and interpretations of a good or service issue, and conative component is individual's intentions actions and behaviors. "In marketing advertisements and other communications often appeal first the emotions and feelings of consumers. The cognitive understanding of product follows." (Clow & Baack, 2004, p.66).

Attitudes are shaped in part by an individual's personal values- strongly held beliefs about some topic- and values contribute to attitudes and lead to some personal behavior. And in consumer decision processes both values and attitudes has great contributions.

By appealing to basic values, marketers hope to convince perspective customers that their products can help them achieve a desirable outcome. At the same time, creative marketing communications are much more effective in changing a person's attitude about a product than they are changing a consumer's value structure. (Clow & Baack, 2004, p.66).

However, some of the attitudes and values shift at cultural level, and therefore, it is important for a marketer to monitor the changes in a society, produce products and services which are compatible with the changing values, and design marketing messages that reflect and build on the values customers hold (Clow & Baack, 2004)

People's attitude are guided by values, which make them culture bound. Attitudes drive behavior, and under certain conditions the behavior of consumers can be predicted from their attitudes towards products and services, and brands (Mooij, 2004).

Baker (1990) identified, psychological influences: perception, learning, maturation, personality and attitude; and social influences: culture, social class, reference groups, role and family influence as a major designers of consumer behavior. What we perceive depend "not only the nature of the actual stimulus, but also the background or setting in which it exists-our own previous sensory experiences, our feelings of the movement, our general prejudices, desires,

attitudes and goals (p.113).” Consequently, much marketing activity is devoted to creating a favorable attitude, or climate of opinion towards an object, or to reconfirming such favorable attitudes. As behavioral scientists indicate certain individuals take it up on themselves to mould and change attitudes and behavior by setting themselves up as opinion leaders.

2.4. Theories Related to Marketing Communication

2.4.1. Diffusion of Innovations

Diffusion of innovations theory as elaborated by Rogers & Shoemaker (as cited in Sarvaes, 1999) has become the most influential modernization theory of development. The Rogers intention was to understand the adoption of new behavior, and concerned with the process of diffusion and adoption of innovations in a more systematic and planned way

Sarvaes(1999) posited five phases in a diffusion process; awareness, interest, evaluation, trial and adoption/rejection. In these phases, the roles of the mass media and interpersonal communication have equal importance; media in the first stages and personal source in the evaluation stage in the process of adoption. Rogers proposed that early adopters act as models emulate and generate a climate of acceptance and appetite for change for slow adopters (laggards) which are assumed to be vast majority.

2.4.2. Two-Step-Flow of Communication Model

Rogers and subsequent studies concluded that media has great importance in increasing awareness, but interpersonal communication and personal sources are crucial in making decisions to adopt innovations. This incorporates insight from two-step-flow of communication

model of Lazarsfeld and Katz (as cited in Waisbord, 2009), which identify that there are two steps in information flow; from media to opinion leaders and from opinion leaders to the masses. This is based on the premise that media audiences rely on the members of their social networks rather solely or mainly on the mass media. That is, role of personal influence has acquired more position than mass communication to have direct effect on social behavior. However, both mass media and face-to-face interaction are necessary to induce effective change as interpersonal relations are crucial in channeling and shaping opinion.

Mass communication is important in spreading awareness of new possibilities and practices, but at the stage at which decisions are being made about whether to adapt or not to adopt innovation personal communication is far more likely to be influential. (Sarvaes, 1999, P.23)

2.4.3. Agenda Setting Theory

The term “Agenda Setting” was firstly coined by Maxwell McCombs and Donald Shaw and further developed by Dearing and Rogers during the second half of 20th century. This theory has used to gain the attention of the public on different issues, particularly political issues, and is an essential part of advocacy and attempts to influencing public opinion. (McQuail, 2000)

McQuail(2000) further explains agenda setting as a process of media influence by which the relative importance of news events, issues or personages in the public mind is affected by the order of presentations in the news reports. It is based on the assumption that the more the media attention, the greater is the importance attributed by the news audience.

As Griffin (2006, p.396) indicated McCombs and Shaw believe that “mass media have the ability to transfer the salience of items on their news agendas to the public agendas.” Griffin elaborates that the media is not only sets agenda what the issues, events and candidates are very important, but also transfer salience of specific attributes belonging to those potential objects of interest. Most of empirical studies on agenda settings have measured the effects of media agendas on public opinion, some remarkable results suggest that media priorities affect people’s behavior in the process of purchasing decision (Griffin, 2006).

2.5. Micro and Small Enterprises in Ethiopia

According to Andualem (as cited in Tesfaye, Dereje, Stotaw & Belayneh, 2004), micro enterprises are business activities that are independently owned and operated, have a small share by the market, managed by the owner and have less than five employees. Where as small enterprises are those business entities which different from small enterprises with number of employees and the running capital.

According to them, the capital of micro enterprises is not exceeding Birr 2000 other than technological and consultancy services, while the capital of small enterprises lays between Birr 2000 to Birr 500,000. Bahir Dar city administration has adopted these definitions for the establishment of Amhara National Regional State Micro and Small Enterprises by the proclamation no 90/2003.

The Amhara National Regional State has taken several policy measures on MSEs based on the federal policies and strategies in the principles of free market economics. Ethiopia has so far

experienced various development policies, which have been used to favor the intention and or aspiration of political systems which the country has to pass through. However, the attitude of the society towards micro and small businesses has changed relatively in the last 30 years and Micro and Small Enterprises have shown a relative progressive change.

2.5.1. Nature and Role of MSEs in Ethiopia

Many development economists and organizations working on development issues have shown that thriving Micro and Small Enterprises are essential for the sustainable development of a country. Particularly, the challenges experienced the agricultural sector, in the countries like Ethiopia, can be alleviated through promoting agribusiness enterprises. That is because a growing number of researchers have suggested that the prospect of development in agricultural sector tends to increase along with development in the Micro, Small and Medium Enterprises sectors though they have not been the major area of focus recently in Ethiopia (Leebert, 2006; Holt, 1992; Eshetu & Mammo, 2009).

World Bank and ILO (as cited in Eshetu and Mommomo, 2009, p.3) stated:

The promotion of vibrant agribusiness firms should be one of the important priority strategies for addressing the persistent unemployment and poverty problems in Ethiopia due to its multidimensional economic and social significance...this priority is based mainly on the important role of thriving Micro and Small and Medium Enterprises.

According to Tesfaye, et al., (2004), Micro and Small Enterprises take the largest role in creating employment, equity in resource utilization, initiating economic diversification and alleviating

poverty. Besides, it is important in economic transition by using the skill and talent of the people without requesting high level training, much capital and sophisticated technology in Ethiopia.

Despite these advantages Micro and Small Enterprises in Ethiopia are vulnerable to challenges related to basic infrastructure, technology, macroeconomic policy. Micro and small scale agribusiness firms received relatively little attention in terms of policy and support compared to large enterprises, and there is a failure of linkage to agriculture and other sectors of the economy.

The extent to which in the Micro, Small and Medium Enterprises sector has grown over the past several years globally is quite phenomenal. Unfortunately, Ethiopian Micro, Small and Medium Enterprises have failed to benefit from this phenomenal growth in Micro, Small and Medium Enterprises sector.... Mostly due to lack of promotional policies, access to finance, good governance, research and development activities, infrastructure, foreign direct investment, technical skills and institutional support in terms of policy and regulations and others. (Eshetu & Mammo, 2009, p.10)

They recommend that the forward and backward linkage between the agricultural and other sectors is crucial in Ethiopia, and hence, Micro, Small and Medium Enterprises and agriculture sector has to be viewed as complementary to each other.

The environment of Micro and Small businesses is often defined by the type of business or service rendered and mostly the characteristics of the community (Holt, 1992). Micro and small business in Ethiopia include merchandises which could contribute a significant amount of our daily purchases which range from fast foods, environmental sanitation, weaving, and milk products shops, handcrafts to house ware producers, wood and metal works, and agro-processors.

Tesfaye et al., (2004) stated that lack of information and deficiency of marketing linkage are the main cause of business failure in Micro and Small Enterprises. That is, most Micro and Small Enterprises in Ethiopia as well as in Amhara National Regional State are not in the position to have access to efficient market and marketing system.

Besides, Andalem, & Bantie, (as cited in Tesfaye, et al., 2004) indicated that the socio-cultural environment in Ethiopia, particularly in Amhara National Regional State, has hugely affected the enterprise culture and the entrepreneurial behavior.

CHAPTER THREE

3. METHODOLOGY

3.1. Introduction

This study explores and analyzes the marketing communication strategies used by Micro and Small Enterprises to persuade and generate new customers, retain existing customers, and to cope and survive in the contemporary, business and socio-cultural context of the study area.

The enquiry that has been employed in the research is entirely qualitative. Early researches usually use survey method as a method to study media effects on the people's attitudes. But, qualitative researchers argue against the effectiveness of survey that survey does not get to grip with the complexity of attitudes. Sarvaes (1999, p.104) opposed the survey method and said, "The subjects of research are just that, objects. We are not objects and cannot be objectified without losing the very humanity that is the focus of inquiring."

Qualitative research is oriented towards analyzing concrete cases in their local context and from people's expressions and activities. It is also aimed at understanding the phenomenon or event under study (Flick, 2002).

Qualitative researchers believe that qualitative research design is appropriate to study interpersonal relations and social structures (Leedy & Ormrod, 2005). It describes the detail of particular activity rather than comparing the effects of particular treatment and provides a more complete picture of the study. Besides, it is used to depict the social context and helps to look things, the subject's perspective and the research process explicit (Fraenkel & Wallen, 1993).

Besides, qualitative research tends to depict the social world more naturally, makes researchers to use flexible structures than pre-determined formats, and limits not areas of inquiry too much to ask fairly general rather than specific research questions. Further, it provides qualitative researchers an option for more detail description of the context in which people's behavior takes place (Bryman, 204).

Peshkin (as cited in Leedy and Ormrod, 2005) pointed out that qualitative research serves one or more of the following purposes: reveal the nature of certain situations, settings, processes, relationships, systems, or people-*description*; test validity of certain assumptions, claims theories or generalizations with in a real world contexts- *verification*; judge the effectiveness of particular policies, practices or innovations – *evaluation*; and gain new insights about particular phenomenon, develop new concepts or theoretical perspectives about a phenomenon or/and discover the problems in the phenomenon- *interpretation*.

As indicated above the research focuses on exploring marketing communication practices of MSEs, assesses the effectiveness of those marketing communication strategies in the socio-cultural context of the study area. Besides, it ties to generate new insights of marketing communication practices. Accordingly, the socio-cultural context of MSEs and consumers will

be described, each details of marketing practice will be analyzed, and the practices of responsible bodies, particularly the Amhara National Regional State MSEs Development Agency to promot MSEs, will be disclosed.

3.2. Data Gathering Tools

Different qualitative researchers recommend observation, focus group interview, focus group discussion and in-depth personal interview as the main tools used to collect qualitative data. As many researchers agree, multiple sources of information make any finding or conclusion more convincing (Bryman, 2004). Accordingly, I decided to use focus group interview and in-depth individual interview techniques in the data collecting process of this research.

3.2.1. Individual In-depth Interview

An interview is a purposive conversation between a researcher (someone who wished to gain information), and an informant (someone who presumably has information (Berger, 2000)). Silverman (2004) argues that information about a social world is achievable through in-depth interviewing and one who aims to understand and document others understandings should choose qualitative interviewing because it provides one with a means for exploring the point of view of one's research subjects.

An interview can be categorized structured, semi-structured or unstructured. Semi-structured interview has attracted interest and widely used in qualitative research (Flick, 2002). This is because of the belief or expectation that the view points of interviewed subjects are more likely to be expressed in relatively openly designed interview questions than standard questionnaire. Semi-structured interview is flexible, responding to the interviewee and helps to adjust the

emphasis in the research as a result of significant issues that could emerge in the course of interviews (Bryman, 2004).

I purposely selected three persons from the MSEs Development Agency. The selection was based on the positions and responsibilities they have in the process of supporting MSE's activities. Accordingly, Melkam Zerihun, Technology Diffusion officer from Amhara National Regional State Micro and Small Enterprises Agency; Biadlegn Adimtew , Deputy Head and Work Process Owner of Bahir Dar City Micro And Small Enterprises Development Agency; and Gizachew Mekuria, coordinator of MSEs in Tana kebele, had been selected for the in-depth interview. And I used guiding questions to hold the in-depth interview.

3.2.2. Focus Group Interview

A focus group interview is a method used to search the attitudes, behaviors and opinions, and then motivations. It is usually applied using open ended, follow up and probing questions to a small group of participants. It is used to look widely to a real life situations (Poindexter & McCombs 2000; Bryman, 2004), and it is an interview to six to eight people in a group for about one and half to two hours (Flick, 2002).

According to Flick (2002), a group interview is the common procedure in qualitative studies and is highly efficient data collection technique because of its ability to affect the opportunity of following people to probe each other and to provide a chance of getting more realistic accounts, to check and balance between extreme views, to create shared view among the participants, and due to it is lower in cost, and a source of abundant data (Bryman, 2004; Flick, 2002)

I had four groups: two groups from MSEs and two groups from consumers. For the selection of the two focus groups' members from MSEs, I had to deal first with the responsible government organs from region to Kebele level. They helped me to select actively engaging MSEs in Bahir Dar city.

Each individual from each enterprise is selected according to the degree of participation in the Enterprises' activities i.e. coordinators of the associations and individual owners of MSEs who actively run the enterprises were embedded in the group interview. They were selected from weaving, shoemaking and leather products, wood work and metal work for these MSEs fields have been highly engaged by money people and have being growing rapidly. But, there was not age and gender stratification in the selection of members of Groups from MSEs. By chance, all group members in the 1st group of MSEs were all men who have engaged in wood and metal works. In the second groups of MSEs five men and three women who have engaged in leather works and weaving were participated.

The rest two groups' members of consumers were selected by me among consumers whom I have acquaintances, for consumers who I do not know could not be cooperative to the group interview and by speculating there would be an open discussion and active participation among the interviewees, and between the moderator and the interviewees. An effort had been exerted to keep balance of the composition of group members to sex, age and economical status of consumer interviewees. Two women and three men were government employees, one woman

was a house wife, two women and two men were traders and one woman and one man were private employees. The age of all interviewees ranges from 25 to 49.

I have six members in the first group of MSEs and seven members in the second group of MSEs. The groups' members in both two groups of consumers were six. I deliberately determined the group members not greater than seven to make the interaction active and make the management easier. I believe that, if the larger the group size, the less each individual participates and less to dig out all feelings, attitudes, opinions and behaviors(Flick, 2002).

I started the interview by introducing myself and briefing about the aim of the group interview to make them free to forward their ideas well. I started the group interview to MSEs by raising issues which are relative to their working environment: with working conditions and problems faced them; and two groups from consumers with their consumption background. Then went to guiding questions that revolve around the research questions, I let participants free to say what they wanted to say, but as moderator, I occasionally intervened to refocus them back, and revolve around the interview questions. I motivated each group member to participate with the aim not be dominated by some members and tried to get answers from all group members.

3.3. Data Analysis Procedures

All focus group interviews and individual in-depth interviews were tape recorded. Then I transcribed from Amharic to English. The data and their interpretations have been scrutinized for underlying themes. Thematic coding method of analyses, as Bryman (2004) and Leedy & Ormrod, (2005) pointed out, is useful to see much more kinds of issues which interviewers are

concerned. First I categorized the extract according to the research questions and guiding interview questions. Specific experiences and details of data were examined for specific meanings that might have in relation to the case and principles. An overall portrait of the study issue in the study area is constructed and analysed; analyzed with theoretical frameworks, and then conclusions that might have implications beyond the study area have been drawn.

The presentation of the data was structured mainly in a narrative form adding pertinent quotations to illustrate and support the main findings. Specific individual's practices as well as the setting and other uncontested facts have described objectively. The trends, themes and other characteristics have been described, interpreted and reported as complete as possible and unbiased as the data suggests.

CHAPTER FOUR

4. DATA PRESENTATIONS AND ANALYSIS

4.1. Interviewees' Profiles and Media

A. In-depth Interviewees

No.	Full name	Organization	Position	Promotional tools	Media Used
1	Melkam Zerihun	Amhara MSEs Development Agency	Technology Diffusion Officer	Media Publicity, Exhibition	National and Regional TV, Radio and Newspapers
2	Biadgilegn Admitew	Bahir Dar City MSEs Development Agency	Deputy Head, Work Process owner	Media Publicity Exhibition	Regional TV, Radio and Newspapers
3	Gizachew Mekuriaw	Tana kebele MSEs Agent	Coordinator	Media Publicity, Exhibition	

B. Focus group Interviewees (MSEs)

No.	Full Name	Sex	MSEs Field	Position	Marketing tools they have used
1	Abeba Miteku	F	Shirt making	Association Coordinator	Word-of-mouth, exhibition
2	Abebe Belew,	M	Weaving	Association Coordinator	Word-of-mouth, exhibition
3	Amare Minaye	M	Leather Products	Owner	Word-of-mouth, exhibition
4	Bayeh Mulu	M	Wood work	Association Coordinator	Word-of-mouth, exhibition
5	Belyneh Berie,	M	Shoemaking	Association Coordinator	Word-of-mouth, exhibition
6	Dawit Belayneh,		Shoemaking	Owner,	Word-of-mouth, exhibition
7	Mastewal Demisie	F	Weaving	Association member	Word-of-mouth, exhibition
8	Mestwit Belay	F	Shirt making	Owner	Word-of-mouth, exhibition
9	Mitku Belay	M	Metal Work	Association Coordinator	Word-of-mouth, exhibition
10	Mola Dagnev,	M	Weaving	Weaving	Word-of-mouth, exhibition

11	Tamirat Tilahun	M	Metal work	Owner	Word-of-mouth, exhibition
12	Tamiru Mola	M	Weaving	Association Coordinator	Word-of-mouth, exhibition
13	Tariku Abas,	M	carpenter	owner	Word-of-mouth, exhibition

C.

N0.	Full Name	Education	Job	Institution	Sex	Age	The source of Information about MSEs
1	Addisu Dessie	BA	Teacher	Education Bureau	M	49	Relatives, Mass media
2	Ayana Alemayehu	BA	Office worker	Information Department	M	37	Relatives, Mass media
3	Belachew Taye	BA	Officer	Agriculture Bureau	M	25	Relatives, Mass media
4	Belayneh Belew	9 th grade	Trader	shop	M	43	Relatives, Mass media
5	Belew Adamu	12 complet	Garage worker	private	M	36	Relatives, Mass media
6	Fentanesh Dagneu	12 complet	Trader	Shop	F	37	Relatives, Mass media
7	Getachew Ayen	6 th grade	Trader	shop	M	41	Relatives
8	Lilita Tamir	4 th grade	House wife	Home	F	34	Relatives
9	Muchit Taye	Reading and writing	Trader	<i>hotel</i>	F	46	Relatives
10	Mulugeta Asfaw	Diploma	Accountant	<i>Finance</i>	M	39	Relatives, Mass media
11	Teyint Hika,	BA	Office worker	Information Department	F	27	Relatives, Mass media
12	Yikitie Mengistu	BA	Office worker	Workers and Social	F	35	Relatives, Mass media

Focus group Interviewees (Consumers)

				affairs			
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4.2. Working Conditions of MSEs

Recent researches show that Micro and small Enterprises in Ethiopia have been neglected by the government and the society for an extended period of time. They have been highly vulnerable to challenges related to basic infrastructure, technology, and policy (Eshetu & Mamo, 2009; Eshetu & Zeleke, 2008; Tesefaye, et al., 2004).

The data gained from focus group interviews and in-depth interviews disclose that MSEs in Bahir Dar are confined with different and huge constraints. These constraints include economical, socio-cultural and technological problems.

Tamirat Tilahun, carpenter and owner, had to say:

We [MSEs] do not have appropriate working place. We do not have a place to sell our products or even we do not have a place to display the products. Besides, we are struggling with the shortage of working capital. It is extremely difficult to develop this business in this economical, social and cultural environment. We are now struggling to survive.

The above statement is consistent with the findings of Eshetu & Mammo (2009) that Ethiopian Micro and Small Enterprises have failed to benefit from the phenomenal growth of MSEs globally due to lack of promotional policies, access to finance, good research and development activities, infrastructure and technical skills, institutional support among others.

On the other hand, the Amhara National Regional State Micro and Small Enterprises Development Agency and the branch offices of the Agency in Bahir Dar claimed that the government has given greater emphasis to MSEs now a days, and MSEs are growing remarkably compared to their back history. The Amhara National Regional State Micro and Small Enterprises Development Agency Technology Diffusion Officer Melkam Zerihun asserted:

Many individuals and associations have being engaged in different micro and small businesses and craft works which had been looked down by the community for centuries. Because, the government has supported individuals and associations to engage in these business by formulating policy, establishing supporting offices from region to kebele level, by building capacities of

individuals and associations through training and technical support. In addition the government performed a huge promotional work to change the attitude of the society towards these businesses.

Currently the city Administration has being prepared working sheds for MSEs. The Agency has promoted the products of MSEs by creating market networks with other MSEs or with other big firms or traders in the country and abroad, and has prepared exhibitions mainly to local residents or any people on which MSEs to participate and display their products. All these activities, according to Biadeglegn Admtew, Bahir Dar City Administration Micro and Small Enterprises Development Agency Deputy Head and Work Process Owner, indicated the government's commitment to the development of these businesses.

According to him, six technical service provision centers has been established and 45 agents assigned in different kebeles in the city to support individuals and associations who have engaged in micro and small businesses, and to educate the society to change the negative attitude towards these businesses. Besides, display centers are being constructed in the city to display the products of MSEs to residents of the city. The Agency works with other government offices to mainstream the promotion of MSEs (they have being given 13% bonus points when participate in auctions of government projects.) Because of all these commitments, many people are now engaging in different craftworks and micro and small business activities as fast foods, weaving shoemaking and other leather products, metal and wood works, sanitation activities, and other agro-related works which had been regarded as low by the society.

However, Bayeh Mulu, carpenter and association coordinator, disclosed his disappointment about inappropriate working and selling places and shortage of working materials as follows:

Some individuals and associations have been given working places. But, most of these working places lack infrastructures or are not appropriate for the work. They are not well built and attractive. We have also shortages of instruments to increase quality of our products.

This Statement supports the findings of Tesfaye, et al., (2004) that the MSEs, in Amhara National Regional State are working in the environment depressed with shortage of raw materials, shortage of capital, lack of premises and land, lack of appropriate technology and infrastructures.

4.3. Marketing Communication Practices

Marketing researches depict that the business environment, socio-cultural context and marketing communication tools plays great role in the success of any business. Four areas called Marketing mix: place, product price and promotion, have to be blended to achieve marketing success. They pointed out that, these marketing mix elements are so closely interrelated, and the effectiveness of marketing communication depends up on the effectiveness of each and every element of the marketing Mix (Diamond & Pintel, 1980). Let us see how each element has been practiced by MSEs in the study area.

4.3.1. Product

The “product” here refers to tangible items MSEs produce (such as, clothes, shoes, house wares etc) and idea, creativity and innovations they generate in the existing socio-cultural context. One main question that may be raised here is the quality of the products. Besides, some may ask that, these products are produced according to the needs of the consumers.

There are diversified comments regarding this issue from MSEs, consumers and the government. MSEs believe that they have quality products and they are producing according to the demands of the society.

Amare Minaye, shoe maker and owner, claimed:

My products are durable. So that, I believe that they meet the demands of our society. Some individuals might have complained that the products are not attractive to the eyes. But, people are getting aware of that our [MSEs'] products are better in quality than imported products, particularly commodities from China. However, many consumers still have negative attitude towards MSEs' products.

But, consumers complain that the quality of products from MSEs is low though they admire the effort of innovation and creativity of MSEs. Teyint Hika, government employee, consumer, age 27, says “I do not usually use many of MSEs’ products. They do not fit to my standards. They lack style and beauty.”

Biadeglegn Admtew, Bahir Dar City Administration Micro and Small Enterprises Development Agency Deputy Head and Work Process Owner, and Gizachew Mekuriaw Tana kebele Micro and Small Enterprises Development Agent coordinator, affirm that there are still quality problems in the products of MSEs. However, they believe that the main problem is attitude of consumers towards MSEs.

Belachew Taye, government employee, age 25, consumer, asserted:

Most of MSEs' products are produced by hand. They could not be as fine as factory produced commodities. And hence, they could not be attractive to the consumers' eye. Besides, Many of their products are weak, i.e., they do not have durability or strength and I have not used them.

However, MSEs firmly claimed that attitudinal problem is not limited to ordinary population. Government officials, even MSEs Development Agency officials, have not erased the negative attitude towards MSEs Products.

Tamiru Mola, a weaver and Association coordinator, elaborated his dissatisfaction pointing to MSEs Development Agency:

The altitudinal problem towards our products is still critical. We have good quality products which can be used for different purposes. Let alone ordinary people, those government offices which have been assigned to

promote MSEs do not use our products. For instance, you can go and see the curtains of MSEs Development Agency offices. They are Chinese made. What can I say about this? This it is certainly clear that people have long standing and deep rooted negative attitude towards MSEs and MSEs' Products.

All these show that there are two fold problems in the MSEs' business environment: quality and attitudinal problems. And according to M. Kaikati & G. Kaitati (2004) and Luan & Neslin(2010), product quality is important in the process of promotion of a product, particularly, in the use of word-of-mouth marketing. This implies that product quality itself initiates marketing communication, i.e., word-of-mouth communication, and one can say that a deficiency in product quality could result in deficiency in marketing communication practices of MSEs in the study area. This leads the researcher to a notion that "product communicates."

4.3.2. Price

When we come to prices of MSEs' products, all parties: MSEs, consumers and MSEs Development Agency believe that the prices of MSEs' products are relatively low compared to imported commodities and products of big companies. Some MSEs believe that, this strategy has helped them attract consumers, particularly, low income consumers. But, others still have reservations on the effectiveness of this strategy.

Mestwit Belay, a shirt maker and owner, disclosed her disappointment on this strategy:

Yes, lower prices could attract poor people. But, as I have seen when we supply our products with lower prices, many people perceive that they are

also lower in quality. Even, some have considered the products as second hand commodities. It has negative impact in the image of our products.

Belew Adamu, private company employee, age 36, consumer, strengthened the statements of Mestwit that when he sees low priced products, he perceives that the product is lower in quality or it is unwanted by many people.

These show that price has its own immense factor in marketing communication. Therefore, as marketing scholars recommend, it is important to balance the price to increase the perception of consumers on the product and confer a sense of dignity. Marketing researchers refer “price” as a cost consumers must spent in order to get those products. These include time, money, effort, dignity and other related issues. And if the benefits outweigh the cost, it paves way for an adoption of the products. On the other hand, if the price is to low consumers may perceive being low in quality (Weinreich, 2009).

4.3.3. Place

“Place” refers to the way the product reaches to a consumer; which includes the distribution system and the ways of informing consumers about the product (Weinreich, 2009). All three parties: interviewed MSEs, consumers and the MSEs Development Agency officers have firm reservations on the appropriateness of the “places” where MSEs have worked.

Some consumers complained that though they have the intention to use MSEs’ products, they could not get them easily. Addissu Dessie, teacher, consumer, age 49, claims: “I have the

intention to use home made products. I am especially eager to promote MSEs and support those who have engaged in those activities. But, I could not get their products easily. They [MSEs] should create an access to their consumers.”

MSEs are similarly, deprived of due to lack or absence of production places, selling shops distribution systems and channels of awareness creation. Abeba Miteku, a shirt maker, association coordinator; Miteku Belay, association coordinator, a metal worker; and Belyneh Berie, a shoemaker, association coordinator, complained that they have no better ways to bring their products to consumers. Their working places are too far to the consumers to come and see. Even they do not have any selling shops or display center in the residential areas. They disclose that they have badly needed display centers in market centers or downtown to show their products to consumers. The only way they have used to display their product is the annually prepared exhibitions. MSEs Development Agency also believes that there are problems of marketing places, systems of distribution of products, information to consumers where the products are found.

Recent researches of marketing depict that “place” is one of the four elements of marketing mix that plays a significant role to reach consumers with product information and products. “Place” contributes a lot in attracting consumers, provision of easy access to products, displaying products to make consumers aware about the products and enabling to provide quality consumer service (Clow & Back 2004). Burnet & Moriarty (1998) further elaborated the significance of “place” in communication that it transmits unplanned messages to consumers about the company or the product. For example, MSEs’ shanty working and selling houses or sheds and unclean

working environment have capable of delivering implicit messages to consumers that the products of MSEs are lower in quality. Besides, consumers could not be interested to advance into such unclean and unattractive environments which also have shortages of infrastructure facilities.

When we are talking about “place”, we are also talking about distribution and market linkages. The statements from MSEs indicate that there is no a market linkage between MSEs and rural population who could contribute a large proportion of consumers to MSEs’ products.

Dawit Belayneh, a shoemaker, owner, discloses: “Our inputs are mainly resourced from the rural area. But, almost all of our customers are the urban people currently.” Other interviewees asserted that the most of the inputs they use are the outputs of the rural society. But, they have not communication channels and product distribution systems with the rural population.

Most of the emerging Micro and Small Enterprises reside in towns, particularly, big towns and cities. But, majority of the country’s population, which accounts about 85%, is rural and agrarian. Eshetu & Mammo (2000) disclosed that the linkage between agricultural and other sectors is crucial in Ethiopia, and Micro and Small Enterprises have huge contribution in the linkage process. And even these two big and essential entities (MSEs and rural economy) have to be viewed as a complementary to each other. But, current situation depicts the opposite of Eshetu and Mammo's recommendations.

The statements of interviewees from MSEs Development Agency in-lines with Tesfaye, et al., (2004) findings that MSEs do not have appropriate distribution and communication channels to

the rural community. And most of Micro and small Enterprises in Ethiopia, particularly, Amhara National Regional State are not in a position to have access efficient market and marketing system.

This depicts that “place” has a remarkable communicative capacity in marketing. And it is, has impacted marketing activities in Micro and small Enterprises in Bahir Dar. And one can understand from the above situations that MSEs could not be efficient in performing their tasks of marketing. These working conditions of MSEs could add a fuel to the bad image of the society towards MSEs and their products. This shows that an intensive promotional effort is required to counter balance the consequences of such situational problems.

4.3.4. Promotion

Ethiopia has its own Socio-Cultural environment. One particular character of Ethiopian people is their low affiliation towards business making and low recognition or negative attitude towards micro and small businesses and craftworks. Communities and individuals who have engaged in those businesses have been looked down by the society, and even, discriminated marginalized and highly disappointed. Consequently, the motive of individuals to engage in those activities is low (Tsfaye, et al., 2004).

Melkam Zerihun, Technology Diffusion Officer in Regional MSEs Development Agency, stated:

Micro and Small Enterprises are now emerging and growing remarkably. But, there is still a deep rooted problem in the society that looking such businesses as

trivial and perceiving the products of MSEs as are not good. This long standing attitudinal problem requires a huge effort of awareness creation.

According to Clow & Baack (2004), Kassarian & Robertson (1968), Baker (1990) and other behavioral scientists, purchasing behavior of consumers is not only governed by technical features of the products, but also in social and cultural environment. Psychological and Social factors, such as motives, attitudes perceptions, motivations, classes, reference groups, families, relatives, particularly peer group influences have their own impact in consumers' purchasing decisions.

The statements from the consumers have given an idea that the society's attitude towards micro and small business and craftworks is still negative. Some consumers indicated that products and services provided by MSEs are backward and could not match with their social status. Particularly, young persons believe that imported commodities and products of big companies would raise their status up.

Teyint Hika, Consumer, government employee, age 27, disclosed her dissatisfaction with MSEs' products and services as follows:

I have not usually used MSEs' products. They are so backward and unstylish and their quality too is low. I even feel shame to wear clothes made by MSEs among my friends. They do not meet my Status. I am a city and modern girl. Even I do not want to wear homemade clothes.

Belachew Taye, consumer, age 25, asserted:

Craft works [products worked by hand] have not place in my home. Even people who have engaged in craft works have not been recognized as good persons by my families. I have no good impression and perception towards MSEs and their products until childhood. I think they are not also good in quality and style. Therefore, I have no intention to use them.

All these show that Consumers purchasing decision towards MSEs' products in Bahir Dar have been highly influenced by deep rooted negative perception of the society on micro and small businesses, and craft works. And hence, marketing activities has to monitor the values, attitudes, beliefs and perception of consumers and devote remarkable promotional efforts to create favorable attitude or climate of opinion on MSEs products and services (Clow & Back, 2004; Baker, 1999).

“Promotion” refers to an integrated use of marketing communication strategies such as advertising, public relations, publicity, promotional materials media advocacy, sponsorships, exhibitions or trade shows, work-of-mouth communication. The data from interviews depict that MSEs in Bahir Dar have used publicity, exhibitions and work of mouth communication as main marketing promotion strategies.

4.3.4. 1. Practice of Integrated Marketing Communication

As many marketing researches indicate, the current market is so complex, overwhelmed with large number of competitors and rapidly changing. Producers and service providers attempt to be heard amidst of sophisticated and cluttered market environment. Accordingly, the number of

ways to reach out to the customers are being increased and changed dramatically according to business environment, socio-cultural context and back ground of consumers. (E. Belch & A. Belch, 2001).

Consequently, businesses use a range of marketing communication tools as advertising, personal selling, merchandise materials, packaging, customer service, word-of-mouth marketing, publicity, sponsorships, etc to promote their companies' products (Burnet & Moriarty, 2004; E. Belech & A. Belch 2001.; Clow & Baack, 2004).

According to these scholars, the move toward integrated marketing communication i.e. unifying all marketing communication tools is the most significant modern marketing developments that have huge impact on consumers. As they elaborate, the usage of one or more of mass media as TV, Radio and Print advertising do not provide promising results as expected by marketers. Each tool working jointly has more impact to promote product than it would working on its own. Each tool can reach different audiences in different ways which complement and reinforce each other.

But, as indicated above, MSEs in Bahir Dar use only not more than three tools viz. publicity, trade shows (exhibition) and mouth-to-mouth marketing strategies in a fragmented and inconsistent way. They try to participate, once or twice in a year, in exhibitions or trade shows to display their products mostly only to urban residents. The media, particularly, the print media rarely do publicity in the form of news stories. MSEs have tried to use word-of-mouth marketing. Let us examine the practice of each tool (publicity, word-of-mouth and exhibition) one-by-one.

4.3.4.2. Publicity

Scholars in the field believe that publicity stimulates demand for a product or service. Besides, it is mostly costless or has low cost and it accomplishes a good communicative objective to announce objects (Diamond & Pintel, 1980; Cutlip, et al., 2000; Biagi, 2005). Consequently, publicity could have a great role and could contribute a lot in marketing process of MSEs.

The data from the interviews pointed up that publicity is rarely used as an instrument to promote MSEs. And, the publicity by local and national media mostly focuses on reporting how MSEs work and their importance in changing poor people's life, and to encourage people to engage in these businesses,

Melkam Zerihun, Technology Diffusion officer in Regional MSEs Development Agency, elaborated:

We usually encourage the local and national media to promote MSEs at the sector level. News papers rarely promote the works of MSEs; TV and Radio as well. I cannot say this much but not very often, may be, five or six times in a year. They print ideas that initiate the society to change their attitude towards MSEs and craft works, and encourage the people to use home made products. But, it is too little that it could not bring a required change. However, I believe media publicity is essential and has to continue consistently.

Melkam's elaboration indicates that the publicity work by local and national media is too low and mostly focuses on attitude and behavioral change of the society towards MSEs and craft

works rather than directly focusing on generating customers for MSEs' products as required, i.e. it does not promote each and every product.

Mola Dagneu, weaver, association coordinator, discloses his disappointment on the practice of media publicity as follows:

We [MSEs] believe publicity has a big role for MSEs. We have not capacity to influence the media and authorities to do publicity for us. But, we do know how important it is. We do know that how media have made a huge work in Awra Amba [the village about 60 kms from Bair Dar where people live on micro and small businesses and craft works]. We have similar products to them. But, we have seen that many people are flooding towards them. This is the result of publicity done by national and local media.

He complains that, the local media spent a huge amount of time broadcasting music which has insignificant in people's life, particularly, alleviating poverty. If the media allocate a few proportion of time that spent on music to MSEs, it would contribute a lot to the promotion of their works.

4.3.4.2. 1. The Influence of opinion leaders

Biadeglegn Admtew, Bahir Dar City Administration Micro and Small Enterprises Development Agency Deputy Head and Work Process Owner, asserted that news releases, press conferences, speeches by leaders of government and civic organizations have not been seen held. And MSEs

confirm that they have not still used opinion leaders or figure individuals to publicize their products.

Abebe Belew, a weaver, association coordinator, sees the publicity work in Bahir Dar as unsatisfactory:

Publicity is good. We need more publicity. But, today, media are not teaching about each of our products. So consumers could not know the existence of our products in the market. We have seen an interesting media and individual publicity work in South Nations Nationalities and Peoples State that government authorities and some federal government Ministers wear clothes produced by MSEs in public and we have seen many people followed them. This has not been done in our region.

All these statements depict that there is a weak publicity, and if it exists in the form of news story and mostly appearing in print media. But, the society has not a habit of reading, particularly, news papers. But, publicity by news releases, press conferences or speeches by civic or professional groups or powerful people, authorities or legislators influences consumers (Stanton, et al., 1991). Unfortunately, MSEs have not used these tools.

4.3.4.2.2. The Influence of Mass Media

The principles of Agenda setting theory could be operational here. Griffin (2006) suggested that mass media have the ability to transfer the salience of items on their news agenda to the public agenda. McQuail (2006) elaborated that media influences peoples mind and suggested that the

more the media attention, the greater is importance attributed by the news audience. Griffin (2006) further explained that media priorities affect people's behavior in the process of purchasing decision. Accordingly, local media (regional FM and AM radio stations, regional TV programs) and national media (Ethiopian Radio and TV) could accomplish a lot of work in attaining attitude and behavior change of consumers towards MSEs and in promoting products of MSEs. But, their contribution currently, as indicated by interviewed Officers and MSEs, is not so much significant.

Modernization theorists also believe that culture and information defects are the bottle necks that prevent the adoption of useful and modern attitude and behavior. So that, transmitting appropriate information could solve the problem of ignorance and unwanted attitude and behavior. And exposure to mass media would be a good instrument to develop knowledge and bring about attitude change (Waisbord, 2009; Sarvaes, 1999). And hence, local and National media could play a role in providing appropriate information to consumers about MSEs' products. However, according to Cousins (2006), information and communication only is unlikely to generate behavioral change unless there are not opinion leaders whom others observe and model them. This is because audiences rely on the members of social network rather than solely on mass media. However, wide adoption of mass media (Newspapers, Radio, TV, etc is equally required to interpersonal communication to bring behavioral change (Waisbord, 2009; Sarvaes, 1999).

Mestwit Belay, shirt maker, owner, explained the importance of media:

WE [MSEs] have no enough capital and technical capacity to provide information to consumers about our products. But, media have huge power to reach large population once or in a short period of time. We believe that media ads and commercials by large firms and companies have affected consumers to shift to our products.

But, there is no guarantee that the messages sent out on mass media reach to consumers, particularly in our society who have low exposure to mass media (Stanton et al., 1991; Adler, 1989). And hence, a combined effort of mass media and interpersonal communication using opinion leaders is critically important (Sarvaes, 1999; Waisbord, 2009)

4.3.4.3. Exhibitions

MSEs Development Agency has aimed exhibitions as a main promotional tool for MSEs. And MSEs believe that exhibitions have contributed a lot to make the people aware of their products and services. However, exhibitions are held only once or twice in a year and MSEs claim that it is not enough to display their products once or twice in year for a few days. But, MSEs believe that participating in such rare occasions is the main option they have used to create awareness to consumers.

Belyneh Berie, a shoemaker, association coordinator disclosed his satisfaction on the practice of exhibition:

It is better than none. We have not any other better options to inform customers about our products; we have no money to make ads and launch other promotional campaigns. But once or twice in a year or five or six days within 360 days is insignificant. What proportion of people could see our displays?

But, Gizachew Mekuriaw, Tana kebele MSEs Development agent coordinator, believes that exhibitions are the main strategies that could create awareness about MSEs' products. He illustrated:

The Agency has planned to launch exhibitions in kebele levels, and we [Tana kebele] already held exhibition this year [2009/2010]. The Agency believes that exhibitions help MSEs to display their products and provide appropriate information to consumers about the quality of their products and services.

Promotional campaigns that only lasts four or five days in a year cannot compete with large promotional efforts of big companies. These display days could not make consumers aware about the products; show the benefits and qualities of the products and services; change attitudes and behavior of consumers. Besides, the number of visitors of the display is relatively few compared to the total population. However, as Luan & Neslin (2001) and Trusov, et al., (2008) indicated the exhibition may stimulate mouth-to-mouth marketing. And therefore, few visitors could transmit the message to other or their relatives and create a channel of communication. But, one should consider that product quality has high initiating effect on word-of-mouth communication (M. Kaitati & G. Kaitati, 2004)

4.3.4.4. Word-of-mouth Communication

It is known that the large proportion of adult Ethiopian population is uneducated. And therefore, the channel of communication mainly used is interpersonal and face-to-face. It is possible to say that almost all rural population transmits message and even knowledge through words-of-mouth. As M. Kaitati & G. Kaitati (2004) indicated, word-of-mouth is the oldest most efficient and most effective of all known marketing methods which could boost sales by generating new customers. But if the word of mouth is negative it could have an immense damaging effect.

4.3.4.4.1. Quality of products and Word-of-Mouth

Tariku Abas, a carpenter, association coordinator, elaborated the effectiveness of word-of-mouth as follows

When I first started the wood work I made one bed. My neighbor saw and bought it. He was surprised by the quality of the work. He told his relatives about the quality goods I produce. They came to me and asked to do other beds and I did well to them too. And they told it to other persons, too. And now I have many customers.

Tariku's statement clearly put the effect of word-of-mouth. It has also a good message that quality of a product plays a big role or it is a foundation of word-of-mouth marketing. M. Kaitati & G. Kaitati (2004) remarked, quality of a product is the pillar of word-of-mouth marketing that quality products have more power to generate word-of-mouth communication. But, it could be more effective when a person we trust recommends a product or a service.

Scholars identified different kinds of word-of-mouth marketing: viral marketing, community marketing, product seeding or influencer marketing and referral marketing. But, MSEs indicated that they have not used any one of them fully. They are not usually creating information to pass on; they have not supported a niche community to create brand awareness; they have not used influential persons to be seen using their products in the community.

4.3.4.4.2. Opinion Leaders and Word-Of-Mouth

They rarely have used ordinary people, or their relatives or people acquainted by chance. The effect of the word by this people could not be as effective as required. Trusov, et al., (2008), suggested that using individuals who seem to know many people, a person who every one looks up him or have greater credibility and person who reaches celebrity makes word of mouth efficient and effective. Religious leaders, artists, authorities, community leaders are among those socialites, powerhouses and celebrities in the area. Unfortunately, MSEs have not until used any one of them.

However, if appropriately used, word-of-mouth would be an effective weapon to tackle problems related customer generation in Bahir Dar. Laun & Neslin (2010) pointed out that word-of-mouth has a long realized role in new product diffusion by its huge informative and persuasive power. It has a larger informative effect than that of publicity and advertising combined and even seven times more powerful in than other mass media for customer acquisition (Tuk, et al., 2010). So that it would be an effective technique to inform consumers about the products and services of MSEs.

4.3.4.4.3. Customer Service and Word-of-Mouth

The one best technique MSEs have used to generate word-of-mouth marketing is provision of quality customer service. Abebe Belew, a weaver, association coordinator, claimed that they usually provide quality customer service in terms of warming acceptance, proper handling and good farewell. Customers are not likely to terminate or forward unfavorable service experience to others. It goes with the recommendations of Nanu, et al., (2006) that customer service is important in new customer acquisition and retains more heavy users.

Generally, as literature indicates and MSEs asserted that word-of-mouth marketing is most effective and most efficient marketing method. Particularly, it is efficient in MSEs that it is fast, almost has not any cost and fit the socio-cultural environment like Ethiopia, particularly Bahir Dar where face-to-face messaging is widely used

Getachew Ayen, trader, owner, consumer, male, age 41, indicated that he used one carpenter to set his house doors and windows hearing from his friend about the carpenter's potential. Muchit Taye, trader, owner, female age 46, asserted that she bought school uniform shirts for her children hearing from her neighbor on the coffee ceremony about the quality of the shirt produced by a micro enterprise.

All these show that word-of-mouth could be an efficient marketing communication tool, particularly when trusted individuals recommend the product. Especially opinion leaders:

religious leaders, community elders and figure people in the society would have a huge role to influence consumers (Trusov, et al., 2008).

Diffusion of innovations theory and two-step-flow of communication model indicated that the role of interpersonal communication has a huge and crucial role in making decisions. And personal influence has more position than mass communication to have direct effect on social behavior (Sarvaes, 1999; Waisbord, 2009).

4.3.4.5. The Role of Social Marketing for MSEs

Researches show that values and attitudes impact on consumer purchasing decisions. If a consumer has positive attitude towards the product, the propensity to buy that product would be higher. (Clow and Baack, 2004). And the purchasing decision of consumers in a given socio-cultural environment is not governed only by technical features of the product and symbolic image of the product, i.e. economic and cultural traditions of the society are essential influencers (Kassarjian & Robertson, 1968).

When we come to the study area, the society have low affinity and concern for MSEs' business and even have negative attitude towards MSEs' products (Tesfaye, et al., 2004). All interviewees assert that the main problem in the promotion of MSEs is the society's attitude towards MSEs and their products. People in the area offer less value for arts and crafts, and people who engaged in such craft works and small trades are socially regarded very low; consumer who use craft products are assumed poor and/or low in status or even backward. This goes with the findings of Tesfaye, et al., (2004).

What could be the solution for this attitudinal problem? Marketing researchers recommended a remedy for such socio-cultural problems. According to them, the usual information campaigns usually focus on the penetration and accessibility of the information, but not on its success of the message being delivered. So that, a method used to influence psychological and social influences and tackle attitudinal and behavioral problems was important. (McFayden, et al., 1999; Mooij, 2004; Baker, 1990).

Accordingly, they recommended social marketing theory. This Theory, similar to Diffusion Theory, and conceptually subscribes a sequential model of behavior change, but centers on communication campaigns designed to promote socially beneficial practices or product in a target group (Waisbord, 2009; Weinreich, 2009).

The MSEs' interviewees indicate that the attitudinal problem towards MSEs and craft works is not limited to some part of the society. Farmers, urban residents, old age population, the young generation, the educated, authorities and even responsible bodies who assigned to promote MSEs have similar attitudinal problem toward MSEs and their products.

As we have seen above, the commercial promotional tools benefit marketers, but social marketing tools benefit the target evidence and the general society (Weinreich 2009). And hence, social marketing contributes a lot to tackle the societal problem: low affiliation to creativity and low entrepreneurial culture, negative attitude towards micro and small businesses. Providing information or increasing awareness using commercial marketing strategies or mass media

publications, or direct media information could not bring attitudinal change as required. The change would be effective if it would be participative i.e. target audience should know the problem, should have their own perception of the proposed change and should be active participant of the change process. Particularly, as Cousins (2006) indicated the change in ordinary people would be effective if they are modeling one's behavior. Opinion leaders, here therefore, have key role (Baker, 1991). But the data shows that, the role of opinion leaders such as religious leaders, community leaders, authorities, and figured bodies have been almost insignificant or absent in promoting MSEs' products and services in the study area.

The tools used in social marketing have to be designed to remove barriers to behavioral change. And has to take consumer focus by addressing all elements of marketing mix: alleviating poverty-product; optimizing costs of using MSEs products-price; establishing distribution systems and channels of information-place; and integrated use of less costly promotional tools as publicity and word-of-mouth marketing (Cousins, 2006).

The purpose of social marketing here is required to be focused on long terms attitudinal and behavioral change to achieve socially and economically acceptable goal-to benefit the individual and the community as a whole, as problems such as poverty and backwardness are similar to the environmental and health problems as recommended Cousins (Cousins, 2006).

It clear that, poverty is the main cause of social problems in Ethiopia. Further, poverty has a wide and multi-directional effect in the whole life of the population and has to be alleviated. Alleviating poverty is also based on the existence of creativity, innovation, business generation,

and problem solving capacity using local knowledge and resources. All these activities are the characteristics of micro and small businesses. Hence, this knowledge has to be disclosed to the public, affect the society's attitude and bring behavioral change: independence, a feeling of national pride; affiliation to business creation, using national or local knowledge and resource rather than foreign.

CHAPTER FIVE

5. CONCLUSION AND RECOMMENDATION

5.1. Conclusion

Development economists believe that the contribution of MSEs to the total economic development is huge. They contribute to the economy by creating job opportunities for jobless young generations, by generating additional income to the poor members of the society, and by building a linkage between the rural and agrarian economy, and the urban and industry sector.

Consequently, Micro and Small Enterprises have grown over the past many decades globally and have phenomenally contributed to the economy. Unfortunately, Ethiopian Micro and Small Enterprises have failed to benefit from this phenomenal growth due to different problems though a relative development has been seen during the last 30 years. MSEs in Ethiopia particularly in Amhara National Regional State are found in critical competition with the contemporary business environment. Besides, they are found in a peculiar socio-cultural environment where people have less concern or no affiliation to business making, and have long-standing and deep-rooted negative attitude towards them. Even they reside in an environment where there is not appropriate infrastructure.

In one or another reason, MSEs are found in a situation where they can not generate customers for their products and maintain existing ones i.e. they found in a critical market problem. Marketing scholars identified different strategies that can be used to promote companies' product growth and sales in different business environments and socio-cultural contexts. And hence, the

study has been conducted to explore the marketing communication strategies used by MSEs in Bahir Dar; to analyze those marketing communication strategies in the framework of the principles of marketing and identifying appropriate marketing communication strategies that could suite to the business and socio-cultural environment of the study area.

The foundation of marketing is exchange and consists of all activities designed to generate and/or facilitate exchange. To achieve marketing success, a communication strategies which comprise four areas or elements of marketing, called marketing mix: product, place, price and promotion, are crucially important. “product” refers to tangible physical produces and intangible ideas as alleviating poverty, environmental protection, etc; “price” indicates what the consumers must do in order to get products i.e. the cost that consumers to pay to get the products; “place” describes the way the product reaches the consumer, i.e. the distribution system and the channel through consumes are reached with information about the product; and “promotion” implies the integrated use of promotional tools as advertising, publicity, public relations, word-of-mouth marketing, personal selling, trade shows, among others.

Marketing researches depict that those marketing communication strategies has to be used according to the context of the business environment to be successful in marketing. But, many marketers agree that IMC is the most interesting development that it unifies all marketing communication tools, a values and sources. Because, global competition, technological advancement, more informed customers, and different socio-cultural contexts demand a variety of tools and more powerful impact. However, all firms have not the capacity to use integrated marketing communication strategy because of capital, knowledge and other resource constraints.

Micro and Small Enterprises are a case in point that they could not use IMC comprehensively. And hence, they could choose appropriate strategy(s) that more fit(s) to their business environment.

The data from the research area show that MSEs in Bahir Dar have not used mass media campaigns such as advertisements, TV commercials, sponsorship campaigns, direct marketing, and promotional materials because of shortage of capital, technical knowledge, infrastructure and technology. Instead, they have used word-of-mouth, publicity and exhibition or trade shows as the main marketing communication strategies. But, they have used these strategies in lower extent and inconsistently. A few number of news stories on local and national media (radio, television and newspaper), and one or two exhibitions in a year have been used as a main communication tools. Besides, they use word-of-marketing using ordinary individuals who have no higher social positions or individuals whom they saw their products by chance rather than opinion leaders and public figures.

Besides, one main problem MSEs have faced in the process of promoting their products and services is the deep-rooted and long-standing negative attitude of the society towards MSEs and their products. But, MSEs do not have appropriate strategies to tackle this attitudinal problem other than few mass media news stories on local and national media. On the other hand, MSEs have been accused by many consumers for their product quality, which it in turn affects word-of-mouth marketing communication strategy. And MSEs do not have appropriate working place, which enables them to supply consumers with products and services, and appropriate information delivering channels to consumers, particularly for rural consumers.

All these situations imply that, MSEs in Bahir Dar have not used appropriate marketing communication strategies that could tackle the marketing problems associated to the business and socio-cultural environment of the study area. And, they have not also used some marketing communication strategies such as word-of-mouth marketing and publicity, consistently and effectively. However, the study result and marketing communication principles show that word-of-mouth marketing, publicity and social marketing are the most efficient and effective marketing tools, in the business and socio-cultural environments of the study area where the society have long standing attitudinal problems towards MSEs, and is traditional and use face-to-face communication. Besides, these marketing communication strategies have high informative and persuasive effects than media ads and commercials, and are less costly.

5.2. Recommendation

Based on the study results, the researcher recommends the following:

1. As main problem in promoting MSEs in Bahir Dar is the long standing, deep rooted negative attitude of the society towards MSEs and craft works, only commercial marketing tools could not be effective to tackle the problem. And therefore, employing social marketing is crucially important.
2. Word-of-mouth marketing is the most efficient marketing communication tool in our socio-economic context: where the population is traditional, socially linked and often use face-to-face communication largely, and it is important to use it intensively.

3. Mass media have initiating effect to social media such as word-of-mouth and publicity. So, that government media should invest enough air time to promote MSEs than spent much time with music and other less important programs.
4. Opinion leaders such as religious leaders, community leaders, government officials and other figure individuals unquestionably could play a key role in promoting MSEs and MSEs' products, and should be used intensively in the marketing process of MSEs' products.
5. Working and selling places play a crucial role in creating appropriate image among consumers and helps to change their attitude; creates an opportunity to display products to consumers; and let access consumers to get into the product easily. So that has to be given emphasis and prepared relatively well and in appropriate position.
6. Lowering price could not always attract consumers. In contrast, it may cause negative perception on consumers mind that MSEs' products are not quality. Rather, it is better to increase product quality wit optimum price as it plays a key role in initiating word-of-mouth marketing communication.

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APPENDICES

INTERVIEW GUIDING QUESTIONS

1. In-depth interview Guiding Questions

1. In what business areas MSEs have engaged?
2. Is the business and socio-cultural environment of Bahir Dar favorable to the development of MSEs?
3. What are the opportunities and constraints in the development and promotion of Micro and Small Enterprises at Bahir Dar?
4. What are the specific Problems MSEs have faced in the process of production, distribution and customer generation?
5. What are the responsibilities and contributions of MSEs Development Agency to the promotion of MSEs and their products?
6. What marketing communication strategies have been used in the sector level to promote for MSEs and their products?
7. Which marketing communication strategies, being used, do you believe could be effective to generate and retain customers to MSEs?
8. What are the contributions of local and national media in the promotion of MSEs in Bahir Dar
9. What factors do you believe have influenced consumers to use or not to use MSEs products?
10. Have the promotional campaigns of big firms and companies affected MSE?

2. Focus Group Interview Guiding Questions

A. Micro and Small Enterprises

1. What are you producing?
2. Who are your customers?
3. What are the main problems you have faced in the process production and distribution your products?
4. What are the difficulties you have faced in new customer generation and retention of existing ones?
5. What kind of marketing communication strategies you have being used to give information to consumers about your products and services?
6. Which media (national or local, print, radio, TV, internet, etc,) you have being used to promote your enterprises or products?
7. Have you used ‘opinion leaders’ (community leaders, religious leaders, authorities, figure people, etc,) to enhance your marketing communication?
8. Are your marketing communication strategies efficient and effective to generate customers? If not why?
9. Do you believe that your marketing communication strategies and tools are competent with big firms’ and companies’ ads, commercials and other integrated promotional campaigns?

B. Consumers

1. Do you know or have you heard about MSEs and their products?
2. How or from whom you heard about MSEs and their products or services?
3. Have you ever used the products or services of MSEs? If not why?