

**ADDIS ABABA UNIVERSITY
SCHOOL OF GRADUATE STUDIES
DEPARTMENT OF BUSINESS EDUCATION
(MARKETING MANAGEMENT)**

**ASSESSING MARKETING STRATEGY OF
KOMBOLCHA TEXTILE FACTORY**

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Abstract

The purpose of the study was to assess marketing strategy of Kombolcha textile factory in South Wollo of Amhara region. In order to relate the findings of the study, adequate related literature and documents were reviewed and the methodology employed was descriptive survey with quantitative and qualitative data analysis method. A survey was conducted by taking judgmental samples of 50 employees of the company. The data collected were analyzed by utilizing appropriate statistical methods. The study revealed that, the products brand differentiates the company's product to other competitor's product; it does not introduce additional brands in the same category;, it launches products in a new category within a new brand and, products' packages are well designed. The company uses personal selling and advertisement to promote its products. The company's pricing objectives were current profit maximization, survival and quality leadership, and the company's main pricing strategy was geographical pricing. The company has enough outlets to sell its product, it uses exclusive distribution strategy, and direct distribution method more frequently. Finally, the marketing strategy was affected by internal environment, micro environment and macro environment. Based on the results, some recommendations were made: females should be encouraged to participate in the managerial position, Additional brand should be introduced in the same category, all promotional mixes should be used, the company should consider publics or marketing intermediaries when it makes strategy and other commendable recommendations were forwarded.

CHAPTER ONE

1. Introduction

1.1 Background of the study

Formal planning helps and encourages management to think ahead and sharpen its objectives and policies, leads to better coordination of company efforts, and provides clear performance standards for control. Strategic planning helps the company to anticipate and respond quickly to environmental changes (Smith and Park, 1992).

Strategic planning facilitates the process of developing and maintaining a strategic fit between the organization's goal and capabilities and its changing marketing opportunities. A company strategic plan establishes what kinds of business the company will be in and its objectives for each. The major functional departments such as marketing, finance, accounting, purchasing, production and human resource work together to accomplish strategic objectives (Neo Capon, 1981).

Marketing plays a key role in the company's strategic planning in several ways. First, marketing provides a guiding philosophy. The marketing concept, which suggests company strategy should revolve around serving the needs of targeted consumer groups. Second, marketing provides input to strategic planners by helping identify attractive market opportunities and assessing the firm's potential to take advantage of them (Check gender). Previous marketing related studies showed that the process of identifying, assessing and selecting key wholesalers and retailers is crucial in developing in competitive environment and is a basis for developing marketing strategies that strongly position against competitors and gives it the greatest possible market share (Lafin and Rondolph, 1989).

To plan effective marketing strategy, the company needs to find out different information about its customers. *Kotler and Armstrong* (2001) give a comprehensive definition of strategy and marketing strategy. Strategy is all about how an organization will achieve its objectives. Described as business strategy, it refers to the ways how the key decision making unit of the

organization was going to direct its resources in order to achieve its stated business objectives. Many situations that an organization encounters do not have regular, identifiable patterns. The most appropriate way for managers to handle routine events is to establish a policy that can be applied to each occurrence. Policies, rules and procedures are terms often used interchangeably, to denote activities that organizations have adopted for dealing with routine events. On the other hand, marketing strategy is a part of strategy and it is a process of strategically analyzing environmental competitive and business factors affecting business units and forecasting future trends in business area of interest to the enterprise, participating in setting business objectives and formulating corporate and business unit strategy, selecting target market strategies for the product, establishing marketing objectives, developing, implementing and managing program positioning strategies for meeting target market needs. In other words of marketing strategy is the marketing logic by which the business unit expects to achieve its marketing objectives. However, marketers must carefully assess each selling activity before preparing at his/her organizations marketing strategy. And companies normally learn about their wholesalers and retailers through primary or secondary data method.

Kotler and Armstrong (2001) posited that there are four basic marketing strategies in each company.

1. Product strategy: Any company may have brand strategy, packaging strategy, labeling strategy, product line and extension strategy etc.
2. Pricing strategy: a company may have different pricing method or strategy based on its cost, and profit, position and types of its customers. For instance, cost plus pricing, discriminating pricing, geographical pricing, marginal pricing etc.
3. Promotional strategy or method: there are five basic promotional method. Such as sales promotion, personal selling, public relation, publicity and advertisement. And a company can apply all of them together or individually.
4. Distribution strategy. Almost all companies use both direct and indirect distribution. This means biggest companies may use indirect distribution but other medium and small firms use both direct and indirect distribution.

The whole sealers and retailers join a factory with the expectations and when these expectations come true these people become loyal with their sellers or organization. And this in turn increases efficiency and performance. But their expectations cannot be satisfied, they may leave.

Effective marketing strategy in the organization can attract both actual and potential customers. Due to this reason it reduces unnecessary cost, loss of customers, and it can attract customers. In Ethiopian, loss of loyal customers has been increasing across factories or companies. This is particularly true in textile factory. With this regard textile factory in the country have been facing significant loss of loyal customers. The tendency has been that reduced customers loss is experienced when there is satisfaction or satisfied marketing strategy. Whilst a number of factors could explain loss of customers in any company or factory, effective marketing strategy is often identified as one of the most important factor that influences the decision to quit. Various studies have identified factors that influence marketing strategy. This includes skill and knowledge of concerned body (Top management) relationship between managers and other employees work environment, organizational management, income, and number of both actual and potential customers. Thus it is important to retain customers by preparing good marketing strategy. Hence this study is designed to assess marketing strategy of Kombolcha textile factory. Kombolcha textile factory is an integrated textile mill among the textile factories found in the country (Ethiopia). It is located in Amhara National Regional State, South Wollo, Kombolcha town, 380 kms away from the capital, Addis Ababa, Ethiopia. It was established in 1986 as public enterprise with a design and attainable capacity of 22 and 18 million square meters of fabric per year respectively. The total investment was 220 million birr and now it has been reorganized and recognized as a share company since 1998. And it creates environmental awareness across the company and through the public, modifies environmental management programs, effective control over sewerage through waste water treatment plant, and participation on social activities (<http://www.etin/2001/003.html>).

1.2 Rationale of the Study

One of the marketing strategy decision with which marketing managers should be well acquainted to ensure the achievement of marketing objectives in a highly competitive and

dynamic environment. Marketing objectives will be achieved through fact fully planned marketing strategy (Mohammed, 1999).

Marketing strategy as a marketing decision involving selection of target market, choice of the market positioning strategy and selection of an appropriate marketing mix. The firm marketing mix is the combination of product price, place (distribution) and promotion that comprise the firms marketing program. And these elements should be tied together (Stanton et al 1991:13).

Generally speaking, no one marketing mix element is more important than the other-all contributing to one whole. Therefore, for the marketing planning to succeed, each component of the marketing mix must be on target. Otherwise, the desired level of exchange will not be reached if the product does not match the customers' needs, if it is priced too higher or low, it is promoted poorly or if it is distributed improperly. We can say that effective marketing strategy can increase the number of customers, increase the average transaction amount, increase the frequency of repurchase and it can increase profit and satisfaction of both companies and customers. And it is a task of management. Hence, this situation of relative importance of the subject initiates the present study. So, this study is designed to asses the marketing strategy of this company by using qualitative and quantitative research methods.

1.3 Statement of the Problem

Ethiopia's textile manufacturing industry embraces both medium and large public and private enterprises. Their main activities include spinning, fabric formulation, dyeing, finishing and sewing. The Ethiopian textile industry is the third largest manufacturing industry, only second to the food processing, beverage and leather industry. In the fiscal year 2000/01, with a total output value of 699.91 million birr (1USD=8.6 birr), the contribution of textile industry to GDP was 1.35% and 8.31% to the output value of the manufacturing industry. The Ethiopian textile sector mainly produces 100% cotton, textiles. Each enterprise produces one product range, such as cotton yarn, cotton fabrics, bed sheets, blanket, knitwear etc. All the cotton yarn in the Ethiopian market is supplied to the local handlooms. It is estimated that the annual hand-loomed fabric is around 95 million square meters (<http://www.etin/2001/003.html>).

Effective marketing strategy is a base to get large market share for any company. And it affects the performance or profit of the organization. Effective marketing strategy is one of the critical factors that increases market share, and satisfaction of customers, and it can reduce customers' loss. An effective marketing strategy is the main component of the work environment and one of the main factors determining organizational climate (Kotler, 2001).

Marketing strategy is an important issue in any factory. Because it is one of the important factor to get profit. Therefore, it is necessary that customers should be satisfied with the strategy. However, almost all textile factories in Ethiopia cannot prepare satisfied marketing strategy for their customers. Due to this reason majority of customers have lower satisfaction. As a result most companies loss a number of loyal customers from time to time. The same is true in the Kombolcah Textile Factory (Emawayish, 2002).

All these problems affect customers purchasing and selling activities. There was no study conducted in this area in the factory with this topic before. Hence this study is initiated to assess the marketing strategy of Kombolcha textile factory.

Thus, the basic questions which were addressed in the study were the following:

1. How is the product strategy going to be made?
2. What promotional strategies does the company use to promote its products?
3. How should the budget be allocated to different promotional activities?
4. Does the company have wide channels for distributing its products
5. What distribution mechanisms does the company use to distribute its products?
6. How are company's prices set?
7. What pricing strategies does the company follow?
8. To what extent environmental factors be assessed which affect company's marketing strategy?

1.4 Objectives of the Study

The general objective of this study was to assess the marketing strategy of Kombolcha textile factory by using both quantitative and qualitative research method.

Specific Objectives of the Study were:

- To assess how the product strategies of the company is made.
- To identify types of promotions that the company run.
- To examine promotional budget of the company.
- To asses distribution strategies of the company.
- To assess bases that the company uses to set pricing of a product and pricing strategy of the company.
- To assess company's marketing environment.

1.5 Research Methodology

For the purpose of this study descriptive quantitative and qualitative survey method was conducted to asses the marketing strategy of Kombolcha Textile Factory.

1.5.1 Sampling Technique and Sample Size

Appropriate selection of a survey sample is one of the most important concerns for investigators that need to consider in conducting a study. For this study judgmental sampling method was used to select respondents from the population. Based on this sample size of 50 employees were selected as a statistical sample.

1.5.2 Type of Data and Method of Data Collection

Both primary and secondary data were used in conducting this study. The primary data were collected through a questionnaire and interview. Questionnaire was distributed to the respondents during the data collection phase. To assess the marketing strategy of Kmoblcah Textile Factory, the questionnaire contained two parts. Part one was about demographic factors like age, sex, position, educational level and income per month. Part two was questions of marketing strategy dimensions and some general type questions. A marketing strategy dimension factors that was included in the questionnaire are organizational environment, types of marketing strategy, and its good and bad effect and so on. The data collecting instrument were prepared in English language in an easier way and get valuable responses. Finally these English versions of the data collecting instruments are attached to the final document of the research.

The response of the respondents on this marketing strategy dimensions was measured on a five point likert type of scale of measurement weighed as follows 5. Strongly agree 4. Agree 3. Undecided 2. Disagree 1. Strongly disagree

Secondary data were collected from different books and internets which are related to the topic and used for searching related literatures were also used as a source of secondary data.

1.5.3 Data Analysis Method

After gathering the necessary data, the findings were properly tallied, tabulated, analyzed, interpreted, and summarized. So that conclusions and recommendations were forwarded. Among various methods of data analysis, frequency and percentage were used. This is because percentage is suitable for this topic rather than other data analysis method and the student researcher believed that percentage can be adequate to analyze the data and convey the information in simple and understandable way.

1.6 Delimitation of the Study

This study was conducted in South Wollo, Kombolcha Textile Factory. And this study was concentrated to assess the main product strategies of the company, pricing and promotional strategies of the main product of the company, and the company's distribution strategy. It excludes wholesalers and retailers distribution strategy. It also assessed the marketing environment of the company.

1.7 Expected Contribution from the Study

- The study focuses on exploring marketing strategy of Kombolcha Textile Factory. This exploration provides good opportunity to develop an entire in-depth understanding of the underpinning factories and contributing to satisfaction of wholesalers and other customers in the factory.
- The findings from this study expressed the first hand views of employees and capture their feelings on the different aspects of their role. Such knowledge will relevant importance to the management as well as other employees of the factory in their endeavor to increase the

level of satisfaction among employees and other customers thereby reducing customer loss, and improving productivity.

- The researcher hoped that this study will provide information to other Ethiopian companies. The information that was obtained will help them in assessing and improving their work to satisfy customers by improving their marketing strategy which is suitable for their wholesalers and retailers, and other customers.
- The study can be an input for individuals who are interested in the subject matter to undertake similar as well as in depth studies.

1.8 operational definitions of key terms

Judgmental sampling technique is a non-probability sampling technique where the researcher selects units to be sampled based on their knowledge and professional judgment.

Strategic management can be defined as the art and science of formulating, implementing and evaluating, cross functional and decisions that enable an organization to achieve its objectives.

Marketing strategy is the marketing logic by which the business unit expects to achieve its marketing objectives.

Marketing mix is the set of controllable tactical marketing tools-product, price, place and promotion.

A product is a set of tangible and intangible attributes assembled to satisfy the needs and wants of potential buyer.

Promotion is the communication link between sellers and buyers for the purpose of influencing, informing, or persuading a potential buyer's purchasing decision.

Pricing is the amount of money customers have to pay to obtain the product.

Distribution refers to how an organization will distribute the product or service they are offering to the end user.

Marketing environment consists of internal environment, micro and macro environment
Marketing Environment.

1.9 Organization of the Study

The entire study contains five chapters organized as follows. Chapter one incorporates an introduction consisting of the background, rationale, the statement of the problem, objective, scope, significance, time ratio of the study and contribution of the study.

Chapter two contains the review related literature; chapter three explains the methodology used in conducting the study which incorporates type and source of data, the sample size, the sampling technique, the method of the data analysis used in the study. Chapter four includes the results and discussion of the study. The data collected will be analyzed using the data analyze tools. Chapter five in this study includes summery, the conclusion and the possible recommendations made based on the findings.

CHAPTER TWO

2. Review of Related Literature: Marketing Strategy

2.1 The concept of Strategy

2.1.1 Overview

Strategy is defined by different scholars in different ways. However, in organization strategy is used in different forms like marketing strategy etc.

Strategic management is the process of managing the pursuit of the organization mission while managing the relationship of the organization to its environment, especially with respect to its environmental stakeholders, the major constituents, in its internal and external environments that are affected by its action. Strategic management is concerned principally with the executive actions portrayed in the stage model of the strategic management process. These steps are formulation of vision, mission, statement, and goals, determining strategic objectives, formulation of strategies, implementation of strategies and evaluation and control of strategies (Higgins and Vincze, 1993).

Strategic management can be defined as the art and science of formulating, implementing and evaluating, cross functional and decisions that enable an organization to achieve its objectives. As this definition implies strategic management focuses on integrating management, marketing, finance/accounting, production/operations, research and development and computer information system to achieve organizational success (David, 1997).

Strategic management is concerned with deciding on strategy and planning how that strategy is to be put in to effect. It can be taught us having three main elements within it. Those are strategic analysis, strategic choice and strategic implementation (Hussey, 1998).

According to Cohen (1991) strategy is the actions that we take to achieve the objectives that we set. There are basically three different levels of strategy. These are strategic marketing at corporate level, marketing strategy which is accomplished by marketing organizational and marketing tactics.

Johnson and Scholes (Exploring Corporate Strategy) define strategy as follows:

"Strategy is the direction and scope of an organization over the long-term: which achieves advantage for the organization through its configuration of resources within a challenging environment, to meet the needs of markets and to fulfill stakeholder expectations".

In other words, strategy is about:

- Where is the business trying to get to in the long-term?
- Which markets should a business compete in and what kinds of activities are involved in such markets?
- How can the business perform better than the competition in those markets?
- What resources (skills, assets, finance, relationships, technical competence, and facilities) are required in order to be able to compete?
- What external and internal environmental factors affect the businesses' ability to compete?
- What are the values and expectations of those who have power in and around the business?

From the above definitions given by different writers at different times we can understand the following points about strategy. Strategy is a means to achieve objectives, it is a broad overall direction for the organization, it is a long term plan, a survival and decisive plan for organizations and it is the top management's responsibilities to define and formulate.

2.1.2 Key Terms in Strategic Management (David, 1997)

Strategists: are individuals who are most responsible for the success or failure of an organization. Strategists have various job titles, such as chief executive officer, president, owner, chairperson of the board, executive director, chancellor, dean or entrepreneur.

Mission statements: are enduring statements of purpose that distinguish one business from other similar firms. A mission statement identifies the scope of firms operations in product and market terms. And it addresses the basic question what is our business?

External opportunities and threats: refers to economic, social, cultural, demographic, environmental, political, legal, governmental, technological and competitive trends and events that could significantly benefit or harm for an organization in the future.

Internal Strengths and Weakness: are controllable activities within an organization that are performed especially well or poorly. Management, marketing, finance/accounting, production/operations, research and development and computer information systems activities of businesses are areas where internal strengths and weakness arise.

Long term objectives: objectives are defined as a specific result that an organization seeks to achieve in pursuing its basic mission.

Strategies: are the means by which long term objectives will achieve. Business strategies may include geographic expansion, diversification, acquisition, product development, market penetration, retrenchment, divestiture, liquidation and joint venture.

Annual objectives: are short term missions that organizations must achieve to reach long term objectives. Like long term objective annual objectives should be measurable, quantitative, challenging, realistic, consistent and prioritized.

Generally, strategists determine internal strengths and weaknesses match them against external opportunities and treats in determining strategic objectives and formulating strategies.

2.1.3 Hierarchy of Purposes and Strategies (Hussey, 1998)

Hierarchy of purposes presents the four types of organization purposes in pyramid ranging from the least specific vision at the top of the most specific objectives at the bottom, and between the vision and objective there are goals and mission. Every organizations hierarchy of strategies has three components: Corporate strategy, business strategy and functional strategy.

1. **Corporate Strategy:** defines the organizations fields of endeavor-how it chooses the business or businesses in which to compete and how it plans to conduct itself fundamentally in that business or these business.
2. **Business Strategy:** indicates in every broad terms how a single business units plans to compete against other firms in that same business.
3. **Functional Level Strategy:** The functional level of the organization is the level of the operating divisions and departments. The strategic issues at the functional level are related to business processes and the value chain. Functional level strategies in

marketing, finance, operations, human resources, and R&D involve the development and coordination of resources through which business unit level strategies can be executed efficiently and effectively.

Functional units of an organization are involved in higher level strategies by providing input into the business unit level and corporate level strategy, such as providing information on resources and capabilities on which the higher level strategies can be based. Once the higher-level strategy is developed, the functional units translate it into discrete action-plans that each department or division must accomplish for the strategy to succeed.

2.2 Marketing Strategy

2.2.1 Concepts of marketing strategy

Marketing strategies traditionally focuses on the marketing mix-product, promotion, price and distribution aimed at some target market. The soundness of each of these strategies, singly and in conjunction with other functional strategies, must be determined. (Higgins and Vincze, 1993).

Marketing strategy is the composite of the many decisions made in the program's design. In all instance a firm's marketing strategy can be described as a combination of two basic elements: market targets and marketing mix (Davis, 1985).

Marketing strategy is the marketing logic by which the business unit expects to achieve its marketing objectives. Marketing strategy consists of making decisions on the business marketing expenditures, marketing mix and marketing allocation in relation to expected environmental and competitive conditions (Kotler, 1992).

The above different definitions of marketing strategy tell us the overall effect of marketing strategy as a process by which the organization translates its business objective and business strategy into market activity.

2.2.2 Consideration of Elements of the Marketing Mix in Developing Marketing Strategy

Marketing mix is the set of controllable tactical marketing tools-product, price, place and promotion-that the firm blends to produce the response it wants in the target market (Kotler, 1991).

The elements of marketing mix are controllable and can be handled in a way to bring a competitive advantage to the firm. The marketing mix model developed by Booms and Bitner emphasizes the key to successful marketing strategy is not that the individual elements of the marketing mix are appropriate to market needs on a one by one basis. But they are blended together to a cohesive and logical approach (Paul Fifield, 1994).

Designing competitive strategies begins with thorough competitor analysis. The company constantly compared the value and customer satisfaction delivered by its product, prices, channels and promotion with that of its close competitors (Eckles, 1990).

In general an effective marketing program blends all of the marketing mix elements into a coordinated program designed to achieve the company's marketing objectives by delivering value to the consumer. The winning companies will be those that can meet customer needs economically, conveniently and with effective communication.

2.2.2.1 Product Strategy

2.2.2.1.1 Overview of product

A product is a set of tangible and intangible attributes assembled to satisfy the needs and wants of potential buyer. This definition of a product not only includes a physical object, but other attributes furnished with that product including brand name, quality, service and other peripheral elements (Cohen, 1991).

Product is not used to mean only tangible things but includes services (the intangibles) as well as things that can be touched, seen and tasted. And it can be categorized into durables, consumables and services (Wilmshurt, 1995).

2.2.2.1.2 Product Planning

It is a systematic decision making relating to all aspects of the development and management of a firm's product including branding and packaging. The product consists of a bundle of attributes (features, functions, benefits and uses) capable of exchange or use, usually a mix of tangible and intangible forms (Stanton, Etzel & Walker, 1994).

Branding: It is an important part of product planning; the procedure the firm follows in researching, developing and implementing its brands. It is the use of a distinctive name or mark on product to differentiate it from similar competitive product. Brand's function is to bridge the gap between the manufacturer's promotional program and consumption of sales to final buyers (Baker, 2007).

Brand decision is especially important for products where the potential effective of brand identification to secure product differentiation is unclear. Branding involves brand names, brand marks, trade characters and trademarks (Peter & Donney 1989).

Brand Strategy Decisions (Armstrong & Kotler, 1994)

1. Line Extensions: occur when accompany introduce additional items in the same product category under the same brand name. Such as new flavors, forms, colors, added ingredients, package sizes and so on.
2. Brand Extensions: a company may be decided to use an existing brand name to launch a product in a new category.
3. Multi Brands: a company will often introduce additional brands in the same category.
4. New Brands: when a company launches products in a new category, it may find that none of its current brand names are appropriate.

Packaging: It is the activities of designing and producing the container or wrapper for a product. Well designed packages can create convenience value for the consumer and promotional value for the producer. It may have number of quite different functions to perform. These are protections, identification and display (Geoffracaffer & Massingham, 1993).

It is the part of product planning where a firm researches, designs and produces package(s). It involves decisions as to products physical container, label and inserts. Packaging changes are often key elements in remerchandising. If a product is packaged for a brand differentiation and identification, it should remain packaged until purchased by the final buyer (Kotler, 2002).

Package design: either packaging is primary protective or promotional device, design decisions are technical and involve comparative strengths, costs of materials and shapes and its element must attract consumer's attention hold their interest and build their desire to buy (Wilmshurt, 1995).

Package size: size decision involves from appraisal of several factors, but the most important are the consuming unit and the rate of consumption (Peter & Donney, 1989).

2.2.2.1.3 Managing the Product Life Cycle (PLC)

As markets move from one life cycle stage to another, strategic considerations should also change to meet the new market conditions from one stage to the next.

According to Geoffranchaffer and Leftermassingham (993) PLC concept illustrates that whatever the time span, the life of the product is temporary. With this mind, the essence of product strategy is simple. The firm must management the marketing of existing products, deciding on products are no further use, and plan the development of new profit sources by providing new products to replace the set that have been deleted.

2.2.2.1.3.1 PLC Marketing Strategies

Introduction Stage

in launching a new product, marketing management can set high or low level for each marketing variables. Considering only price and promotion, management can pursue one of four strategies (Fifield, 1994).

- Rapid skimming: launching the new product at a high price and a high promotion.
- Slow skimming: launch the new product at a high price and low promotion.
- Rapid penetration: launch the product at a low price and spending heavily on promotion

- Slow penetration: a new product at a low price and low level of promotion

Growth Stage

According to Eckles (1990), during this stage, the firm uses several strategies to sustain rapid market growth as long as possible. It improves product of quality, it adds new models, it enters new market segment, it increases new distribution coverage and it lowers prices.

Maturity Stage

The marketing strategies at this stage are:

- The company can try to get customers to use the product more frequently
- The company can try to interest users in using more of the product on each occasion
- The company can try to discover new products uses and convenience people to use the production more varied ways (Davis,1993).

Decline Stage

According to Kotler & Armstrong (1994)

Marketing strategies at this stage are: increase the firm's investment, maintain the firm's investment level until uncertainties about the industry are resolved, decreasing the firm's investment level selectively, Harvesting (Milking) the firm's investment to recover each quickly and divesting the business quickly.

2.2.2.2 Promotion

2.2.2.2.1 Overview of promotion

According to Kotler (2002) promotion means activities that communicate the merits of the product and persuade target customers to buy it.

According to J.Paul Peter and James H. Donnelly (1989) promotion is designing and managing the marketing mix element to inform, persuade and remained current and potential customers.

Promotion is one of the four elements of marketing mix (product, price, promotion, distribution). It is the communication link between sellers and buyers for the purpose of influencing, informing, or persuading a potential buyer's purchasing decision (Cundiff, Still & Govoni, 1980).

2.2.2.2.2 Promotion Mix

The promotion mix concept refers to the combination and types of promotional effort the firm puts for the during a specified time period. These promotional mixes are:

- a. **Personal selling:** is direct presentation of product to a prospective customer by a representative of the organization selling it. It takes place face to face or over the phone, and it may be directed to a middlemen or a final consumer. (Peter & Donnely, 1989).
- b. **Advertising:** is impersonal means of communication that the sponsor has paid for and in which the sponsor is clearly identified. The most familiar forms of advertising are found in the broadcast and print media (Wilmshurt, 1995).
- c. **Sales promotion:** is demand stimulating activity designed to supplement advertising and facilitate personal selling. It is paid for by the sponsor and frequently involves a temporary incentive to encourage a purchase (Eckles, 1990).
- d. **Public relations:** encompasses a wide variety of communication efforts to contribute generally favorable attitude and opinions toward an organization and its products. Unlike most advertising and personal selling, it does not include a specific sales message (Davis, 1993).
- e. **Publicity:** is a special form of public relationship that involves news stories about an organization or its products. Like advertising, it involves an impersonal message that creates a mass audience through the media, but it is not paid form (Cundiff, Still and Govoni, 1980).

2.2.2.2.3 Advertising Decisions

The marketing manger must make two key decisions. The first decision deals with determining the size of the advertising budget and the second deals with how the advertising budget should be allocated (Oundiff, Still & Eovoni, 1980).

1. The expenditure questions

Most firms determine how much to spend on advertising by one of the following methods.

Percentage sales: one of the most popular rule of thumb methods and its appeal is found in its simplicity. The firm simply takes a percentage figure. And it applies it to either past or future sales.

Per unit expenditure: closely related to the above technique is one in which a fixed monetary amount is spent on advertising for each unit of the product expected to be sold. This method is popular with higher priced merchandise, such as automobiles or appliances.

All you can afford: here the advertising budget is established as a predetermined share of profits or financial resources. The availability of current revenues sets the upper limit of the advertising budget.

Competitive parity: this approach is often used in conjunction and with other approaches, such as the percentage of sales method. Advertising budgets are on these of competitors or other members of the industry.

The research proposal: here the advertising budget is argued for and presented on the basis of research findings.

The task approach: well-planned advertising programs usually make use of the task approach which initially formulate the advertising goals and defines that ask to accomplish those goals.

2. The Allocation Question

This question deals with the problem of deciding on the most effective way of spending advertising dollars. The general answer to the question is that management choice of strategies and objectives determine the media and appeals to be used. From a practical standpoint however, the allocation question can be framed in terms of message and media decisions.

- A. **Message strategy:** the advertising process involves creating messages with words, ideas, sounds and other forms of audiovisual stimuli that are designed to affect consumer or distribute behavior.
- B. **Media mix:** media selection is no easy task printing Medias, electronic media and other media like outdoor, transit, specialty, telemarketing and point of purchase are the most common advertising media.

2.2.2.3 Pricing

2.2.2.3.1 Overview of pricing

Pricing is the only element in the marketing mix that produces revenue: the other elements produce costs. Price is also one of the most flexible elements of the marketing mix, in that it can be changed quickly, unlike product features, and channel commitments (Jain, 1997).

Pricing is one element in the bundle of satisfactions that constitute a product (wilmshurt, 1995).

According to Cohen (1991), pricing is unique among the decisions that the marketing manger must make as a part of his/her work. It is the sole decision that generates revenue without generating costs.

Pricing is the process of determining what a company will receive in exchange for its products. Pricing factors are manufacturing cost, market place, competition, market condition, and quality of product. Pricing is also a key variable in microeconomic price allocation theory. Pricing is a fundamental aspect of financial modeling and is one of the four Ps of the marketing mix. The other three aspects are product, promotion, and place. Price is the only revenue generating element amongst the four Ps, the rest being cost centers. Pricing is the manual or automatic process of applying prices to purchase and sales orders, based on factors such as: a fixed amount, quantity break, promotion or sales campaign, specific vendor quote, price prevailing on entry, shipment or invoice date, combination of multiple orders or lines, and many others. Automated systems require more setup and maintenance but may prevent pricing errors. The needs of the consumer can be converted into demand only if the consumer has the willingness and capacity to buy the product. Thus pricing is very important in marketing (Nagle, Thomas and Holden, Reed, 2002).

2.2.2.3.2 Selecting Pricing Objectives

The firm's pricing objectives must be identified in order to determine the optimal pricing. Common objectives include the following: (Kotler, 2002)

- **Current profit maximization** - seeks to maximize current profit, taking into account revenue and costs. Current profit maximization may not be the best objective if it results in lower long-term profits.
- **Current revenue maximization** - seeks to maximize current revenue with no regard to profit margins. The underlying objective often is to maximize long-term profits by increasing market share and lowering costs.
- **Maximize quantity** - seeks to maximize the number of units sold or the number of customers served in order to decrease long-term costs as predicted by the experience curve.
- **Maximize profit margin** - attempts to maximize the unit profit margin, recognizing that quantities will be low.
- **Quality leadership** - use price to signal high quality in an attempt to position the product as the quality leader.
- **Partial cost recovery** - an organization that has other revenue sources may seek only partial cost recovery.
- **Survival** - in situations such as market decline and overcapacity, the goal may be to select a price that will cover costs and permit the firm to remain in the market. In this case, survival may take a priority over profits, so this objective is considered temporary.
- **Skim pricing** attempts to "skim the cream" off the top of the market by setting a high price and selling to those customers who are less price sensitive. Skimming is a strategy used to pursue the objective of profit margin maximization.

Skimming is most appropriate when:

- Demand is expected to be relatively inelastic; that is, the customers are not highly price sensitive.
- Large cost savings are not expected at high volumes, or it is difficult to predict the cost savings that would be achieved at high volume.
- The company does not have the resources to finance the large capital expenditures necessary for high volume production with initially low profit margins.

Penetration pricing pursues the objective of quantity maximization by means of a low price. It is most appropriate when:

- Demand is expected to be highly elastic; that is, customers are price sensitive and the quantity demanded will increase significantly as price declines.
- Large decreases in cost are expected as cumulative volume increases.
- The product is of the nature of something that can gain mass appeal fairly quickly.
- There is a threat of impending competition.

2.2.2.3.3 Selecting Pricing Method (Stanton, Etzel & Walker, 1994)

Factors that affect price setting are pricing objectives, cost, competition and demand.

To set the specific price level that achieves their pricing objectives, managers may make use of several pricing methods. These methods include:

- **Cost-plus pricing** - set the price at the production cost plus a certain profit margin.
- **Target return pricing** - set the price to achieve a target return-on-investment.
- **Value-based pricing** - base the price on the effective value to the customer relative to alternative products.

- **Psychological pricing** - base the price on factors such as signals of product quality, popular price points, and what the consumer perceives to be fair.
- **Markup pricing:** the most elementary pricing method is to add a standard mark up to the product's cost.

In addition to setting the price level, managers have the opportunity to design innovative pricing models that better meet the needs of both the firm and its customers.

2.2.2.3.4 Types of Pricing Strategies (R.J. Jain, 1997)

An organization can adopt a number of pricing strategies. The pricing strategies are based much on what objectives the company has set itself to achieve.

Penetration pricing: Where the organization sets a low price to increase sales and market share.

Skimming pricing: The organization sets an initial high price and then slowly lowers the price to make the product available to a wider market. The objective is to skim profits of the market layer by layer.

Competition pricing: Setting a price in comparison with competitors.

Product Line Pricing: Pricing different products within the same product range at different price points. An example would be a video manufacturer offering different video recorders with different features at different prices. The greater the features and the benefit obtained the greater the consumer will pay. This form of price discrimination assists the company in maximizing turnover and profits.

Bundle Pricing: The organization bundles a group of products at a reduced price.

Psychological pricing: The seller here will consider the psychology of price and the positioning of price within the market place. The seller will therefore charge 99p instead £1 or \$199 instead of \$200

Premium pricing: The price set is high to reflect the exclusiveness of the product. An example of products using this strategy would be Harrods, first class airline services, Porsche etc.

Optional pricing: The organization sells optional extras along with the product to maximize its turnover. This strategy is used commonly within the car industry.

Promotional Pricing: Pricing to promote a product is a very common application. There are many examples of promotional pricing including approaches such as BOGOF (Buy One Get One Free).

Geographical Pricing: Geographical pricing is evident where there are variations in price in different parts of the world. For example rarity value, or where shipping costs increase price.

Value Pricing: This approach is used where external factors such as recession or increased competition force companies to provide 'value' products and services to retain sales e.g. value meals at McDonalds.

Sealed bid pricing: competitive-oriented pricing is common where firms bid for job. The firm based its price on expectations of how competitors will price rather than on a rigid relation to the firms of costs or demand.

2.2.2.4 Distribution

2.2. Overview of distribution strategy

This refers to how an organization will distribute the product or service they are offering to the end user. The organization must distribute the product to the user at the right place at the right time. Efficient and effective distribution is important if the organization is to meet its overall marketing objectives. If an organization underestimates demand and customers cannot purchase products because of it, profitability will be affected (Baker, 2007).

2.2.2.4.2 Distribution Planning

It is a systematic decision making regarding the physical movement of goods and services from producer to consumer, as well as the related transfer of ownership or rental of them. It encompasses such diverse functions as transportation, inventory management and customer transactions (Evans & Berman, 1997).

In identifying and evaluating channel alternatives, he/she needs to consider a number of factors like company and marketing objectives and resources, target markets/customers, product and competition (Geoffranciaffer & Leftermassing ham, 1993).

2.2.2.4.3 Channel of Distribution Methods (Elvy, 1998)

Two types of channel of distribution methods are available. Indirect distribution involves distributing your product by the use of an intermediary for example a manufacturer selling to a wholesaler and then on to the retailer.. Direct distribution involves distributing direct from a manufacturer to the consumer For example Dell Computers providing directly to its target customers. The advantage of direct distribution is that it gives a manufacturer complete control over their product.

2.2.2.4.4 Distribution Strategies

Depending on the type of product being distributed there are three common distribution strategies available: (Evans & Berman 1997)

1. **Intensive distribution:** Characterized by placing the goods and services as much outlet as possible. Used commonly to distribute low priced or impulse purchase products e.g. chocolates, soft drinks.
2. **Exclusive distribution:** Involves limiting distribution to a single outlet. The product is usually highly priced, and requires the intermediary to place much detail in its sell. An example of would be the sale of vehicles through exclusive dealers.
3. **Selective Distribution:** A small number of retail outlets are chosen to distribute the product. Selective distribution is common with products such as computers, televisions household appliances, where consumers are willing to shop around and where manufacturers want a large geographical spread.

If a manufacturer decides to adopt an exclusive or selective strategy they should select a intermediary which has experience of handling similar products, credible and is known by the target audience.

2.3 Marketing Environment (Armstrong & Kotler, 1994)

Marketing environment consist of internal environment, micro and macro environment
Marketing Environment

The marketing environment surrounds and impacts upon the organization. There are three key perspectives on the marketing environment:

2.3.1 The micro-environment

This environment influences the organization directly. It includes

2. Suppliers who deal directly or indirectly
3. Consumers and customers
4. Other local stakeholders

Micro tends to suggest small, but this can be misleading.

Micro describes the relationship between firms and the driving forces that control this relationship.

It is a more local relationship, and the firm may exercise a degree of influence.

- Company's Internal Environment - functional areas such as top management, finance, and manufacturing, etc.
- Suppliers - provide the resources needed to produce goods and services and are an important link in the "value delivery system".
- Marketing Intermediaries - help the company to promote, sell, and distribute its goods to final buyers.
- Customers - five types of markets that purchase a company's goods and services.
- Competitors - those who serve a target market with similar products and services against whom a company must gain strategic advantage.
- Publics - any group that perceives itself having an interest in a company's ability to achieve its objectives.

2.3.2 The Macro-Environment

This includes all factors that can influence an organization, but that are out of their direct control.

A company does not generally influence any laws .It is continuously changing, and the company needs to be flexible to adapt.

There may be aggressive competition and rivalry in a market.

Globalization means that there is always the threat of substitute products and new entrants.

The wider environment is also ever changing, and the marketer needs to compensate for changes in culture, politics, economics and technology. Demographic, Technological, Cultural, Economic, Political, Natural Forces that Shape Opportunities and Pose Threats to a Company are the main factors that affect marketing activity at macro level.

2.3.3 The Internal Environment.

All factors that are internal to the organization are known as the 'internal environment'. They are generally audited by applying the 'Five Ms' which are **Men, Money, Machinery, Materials and Markets**. The internal environment is as important for managing change as the external. As marketers we call the process of managing internal change 'internal marketing.'

CHAPTER THREE

3. Research Method

3.1 Design of the Study

As the design and Methodology of the research is based on the purpose of the study, the study involved the survey of marketing strategy of Kombolcha Textile Factory. This includes product strategy, promotion strategy, distribution strategy, pricing strategy and general marketing environment of the company. Thus, in this study survey was employed as a relevant methodology with the assumption that it could describe marketing strategy of the company. The study incorporates different stages. At the initial stage of investigation, a review of related literature was made with the objective of developing an introductory theoretical background, and to develop instrument for data collection. In the second place, the selection of sample employees was made. Based on the review of literature, instruments were developed and piloted in 20 employees of the company. Finally, research questions were administered.

3.2 The Study Population and Sample Procedure

3.2.1 The Study Population

The target population of the study was employees of Kombolcha textile factory. However, since it was not necessary to consider all employees of the factory. Because all employees of the company were not necessary for this topic, the target population was selected from marketing management department only. In order to choose a representative sample of the target population, judgmental technique was used. The total number of the respondents who responded to the questionnaire prepared for the purpose was 50. Out of the total respondents who participated in filling out the questionnaire, 42 respondents completed the questionnaire.

3.2.2 Procedure

Both open-ended and close ended questionnaire were given to about 50 respondents if they would fill the questionnaire about product strategy, promotion strategy, pricing distribution strategy and marketing environment of the company.

Before the collection of the actual data, a pilot test was done on other 20 employees of the company. Out of the total questions of pilot test, 17 of the distributed questionnaire for pilot purpose were properly responded, commented and returned to the researcher. The main purpose of pilot study was to improve some important aspects of the questionnaire. The reliability of the instrument was computed by cronbacha alpha method and the computed reliability of instrument was 0.84. This indicates that the questionnaire is reliable. Thus, the instrument was found reliable to collect the data for the main study. For the main study these samples population were drawn using judgmental random sampling technique.

3.3 Questionnaire

The main data gathering instrument was questionnaire: demographic questionnaire, close ended and open-ended questionnaires were employed as tools to collect the information from 50 employees of Kombolcha Textile Factory. Items for the questionnaires came from the literature review. To assess product strategy, promotion strategy, pricing strategy, distribution strategy, marketing environment of the company and background information of employees.

3.3.1 Close-ended Questionnaires

3.3.1.1 Demographic Questionnaire

A demographic questionnaire described the background information of employees of Kombolcha Textile Factory. It was developed by the researcher to get response about age, sex, education, position and income per month.

3.3.1.2 Assessing Product Strategy questionnaire

There was 9 items instrument to assess product strategy of the company. It was substantially correlated with product's brand, additional items, products' packages and product quality. Statements were rated on a five point scale (5=Strongly Agree, 4=Agree, 3=Undecided, 2=Disagree, 1=Strongly Disagree).

3.3.1.3 Assessing Promotion Strategy questionnaires

The 12 items of the scale asked about promotion strategy of the company. Such as personal selling, public relation, publicity, sales promotion and advertisement. 6 items were rated on five point scale (5=Strongly Agree, 4=Agree, 3=Undecided, 2= Disagree, 1=Strongly Disagree). And other 6 items were answered by using different methods like, Yes or No, through media, internet, billboards, and using indicators of duration of time.

3.3.1.4 Assessing Pricing Strategy Questionnaire

The 7 items described pricing strategy of the company. it included large volume purchases, reasonable, or affordable price, company's pricing objective, pricing method, and pricing strategy. Some statements were rated on a five point scale statements. (5=Strongly Agree, 4=Agree, 3=Undecided, 2= Disagree, 1=Strongly Disagree). And other items were answered by using different methods.

3.3.1.5 Assessing Distribution Strategy Questionnaire

The 8 items described the distribution strategy of the company. And it described about availability of product in different regions and distribution strategy, distribution methods. Some statements were rated on a five point scale (5=Strongly Agree, 4=Agree, 3=Undecided, 2= Disagree, 1=Strongly Disagree) and other items were answered by using different methods.

3.3.1.6 Assessing Marketing Environment Questionnaires

There were 10 items which described marketing environment of the company. It included level of competition, buyers of the company, and other micro and macro environment. Statements were rated on very minor, minor, neutral, important and very important.

3.3.2 Open-ended Questionnaire

The open-ended questionnaire consisted on 4 questions which were related with product strategy. It included types of product in the company, about export, and product life cycle (PLC) of the company.

3.4 Interview

The second data-collecting tool used in this study was telephone interview. In this study interview was used to collect supplementary information about product strategy, pricing strategy and marketing environment of the company. It also permits greater of response, which is not possible through any other means.

3.5 Methods of Data Analysis

The data collected on the basis of the purpose of the study through questionnaires and telephone were tailed, organized, and categorized properly. The organization of the data was followed by tables which give detailed background information about the participants. And also the collected data was presented by employing frequencies, tables and descriptive phrases. Frequencies, percentages and quantitative descriptions were used to analysis and discuss the collected data. Finally, the conclusion part of the study was discussed based on the finings. The recommendation was also forwarded based on the conclusion of the study.

CHAPTER FOUR

4. Presentation and interpretation of Data Analysis

This section of the report deals with the data presentation, analysis and interpretation of the data gathered through questionnaires and interviews.

It is divided into two sections. The first section deals with the background of the respondents. The second section deals with the marketing strategy of the company. This section deals with survey on product strategy, promotion strategy, distribution strategy, pricing strategy and marketing environment of the company.

In order to know the marketing strategy of the company and its general marketing environment that have been collected from respondents through questionnaires and interviews, the responses are organized within table, graph, diagram and chart.

Section I

4.1 Background of the Respondents

Table 1 Background of Respondents

Sex			Position		
	F	%		F	%
M	42	100	Operational	6	14.3
F	0	0	Middle level	30	71.4
Age			Upper level (Manger)		
18-25	12	28.6	Income per month		
26-33	9	21.4	600	0	0
34-41	9	21.4	600-1000	0	0
42-49	6	14.3			
Above 50	6	14.3	1001-1500	2	4.8
Education			1501-2000	12	28.6
Diploma	6	14.3	2001-2500	8	9.0
First Degree	36	85.7	2501-5000	14	33.3
Post Graduate	0	0	Above 5000	0	0
PhD	0	0			

As can be shown in Table 1 item number 1, all respondents (100%) are male. This means the respondents who filled this questionnaire were only male. This indicates that females participation in managerial position is low.

According to item 2 of Table.1, 28.6% of the respondents were in the age range between 18 and 25 years, 21.4% of the respondents were the age range between 26 and 33 years, 21.4% of respondents were the age range between 34-41 years, 14.3% of the respondents were the age range between 42 and 49, and 14.3% of the respondents were above 51. From this we can conclude that majority of the respondents were in the age range between 26 and 40 years. This means most of the respondents are matured enough and are in position to supply information required on the marketing strategy of the company.

In relation to the educational level, 14.3% of the respondents were diploma holders. And 85.7% of the respondents were first degree holders. This shows that great majority of the respondents were first degree holders.

The Table also indicates that 14.3% of the respondents were at operational level employee, 71.4% of the respondents were at middle level employee and the remaining 14.3% of the respondents did not show their position. Here it is indicated that the majority of the respondents were middle level employee.

Regarding to income level of the respondents, there is no respondents that earn an income below 1001 and above 5000. But - 2(4.8%) of the respondents earn an income between 1001-1500

- 12(28.6%) of the respondents earn an income between 1501-2000

- 8(19%) of the respondents earn an income between 2001-2500

- 14(33.3%) of the respondents earn an income between 2500-5000

Accordingly majority of the respondents (33.2%) earn an income between 2501-5000 ETB. Generally, as we have seen in Table 4.1, majority of them were in the age range between 26 and 40 years, first degree holders and middle level employee. This indicates that, they are flexible and they can fill this questionnaire. So those background variables could influence the results of the study importantly. Due to this reason the researcher tried to include those variables in the respondents' background.

Section II

4.2 Data Analysis and Interpretation Related with Marketing Strategy

This part of the study deals with, the analysis and interpretation of the data gathered from respondents. And it has five dimensions. These are related with product strategy, promotion strategy, pricing strategy, distribution strategy and marketing environment of the company.

4.2.1 Product Strategy

Table.2 Respondents' response about product strategy

No.	Description		SA	A	UD	D	SD	Total
1	The company's customers are satisfied by products (brand).	F	30	12	0	0	0	42
		%	71.4	28.6		0	0	100
2	The products brand differentiates the company's product.	F	36	0	6	0	0	42
		%	85.7	0	14.3	0	0	100
3	A company introduces additional items into the same category under the same brand name like new flavors, forms, colors, package states etc.	F	12	18	12	0	0	42
		%	28.6	42.8	28.6	0	0	100
4	The company uses an existing brand name to launch a product in a new category.	F	12	24	6	0	0	42
		%	28.6	57.2	14.3	0	0	100
5	A company introduces additional brand in the same category.	F	6	0	14	6	14	40
		%	14.3	0	33.3	14.3	33.3	95.2
6	A company launches products in a new category within a new brand.	F	20	0	10	6	6	42
		%	47.6	0	23.8	14.3	14.3	100
7	The products packages are well designed and it creates convenience for the consumer and promotional value for the producer.	F	24	12	0	0	6	42
		%	57.2	28.6	0	0	14.3	100
8	Package design decisions are technical and involve comparative strengths cost of inputs and shapes of its element attract consumer's attention.	F	24	6	6	0	0	42
		%	57.2	14.3	14.3	0	0	100
9	The most important factors for package size decisions are the consuming unit and the rate of consumption.	F	18	12	6	6	0	42
		%	42.8	28.6	14.3	14.3	0	100

Source: Questionnaire

From this Table, majority (71.4%) of the respondents strongly agreed with the statement that the company's customers are satisfied by product (brands) and others (28.6%) of the respondents also agreed with this statement. From this, we can conclude that the company's customers are satisfied by a company's product.

In accordance with the gathered data a great at majority (85.7%) of the respondents agreed with the statement that the products' brand differentiates the company's product to other competitors' product and a few (14.3%) of the respondents' undecided to this question. From this we can generalize that products' brand differentiates the company's product to other competitors' product.

As stated in Table.2 in item 3 majority (42.8%) of the respondents agreed on the question a company introduces additional items in the same category under the same brand name like new flavors, forms, colors, package sales etc. And 28.6% of the respondents disagreed and the remaining 28.6% of the respondents undecided to this statement. From this we can understand that a company introduces additional items in the same category under the same brand name.

A great majority (85.8%) of the respondents agreed with the statement that the company uses an existing brand name to launch a product in a new category, whereas few (14.2%) of the respondents were found disagreed with it. From this we can conclude that the company uses an existing brand name to launch a product in a new category.

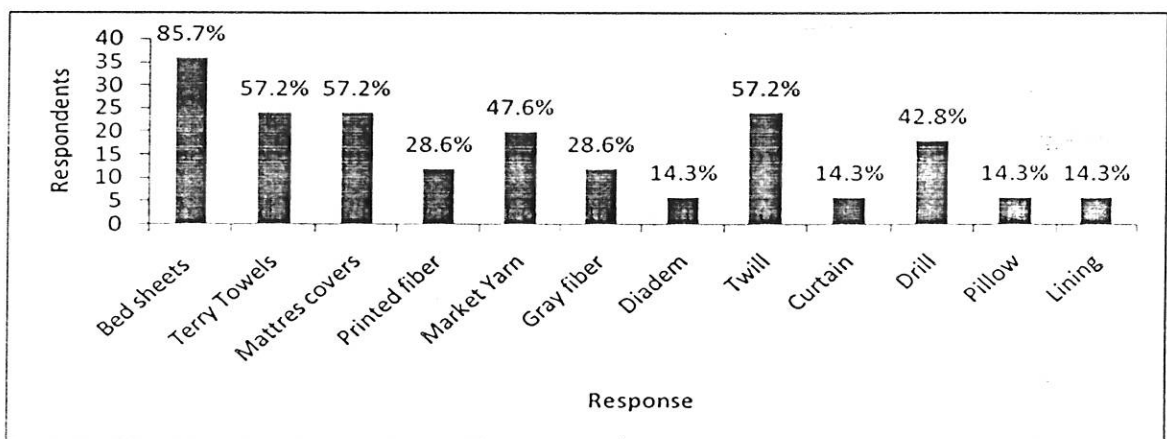
On item 5 of Table.2 respondents were asked a company introduces additional brand in the same category. 14.3% agreed, 33.3% of the respondents undecided to this statement and 47.6% of the respondents disagreed with this statement. Two of them missed this question. This implies that a company does not introduce additional brand in the same category.

According to the information provided under item 6 of Table2 47.6% of the respondents agreed with the statement that the company launches products in the new category within a new brand while 23.8% of the respondents undecided to this statement and others (28.6%) disagreed with this statement. From this it can be concluded that a company launches products in a new category within a new brand.

Looking into item 7, it reveals that a great majority (85.8%) of the respondents believed that the products' packages are well designed and it creates convenience for the consumer and promotional value for the producer while 14.3% of the respondents disagreed with it. This implies that the products packages are well designed and it creates convenience for the consumer and promotional value for the producer.

Item 8 of table.2 shows that majority (71.5%) of the respondents agreed that, package design decisions are technical and involve comparative strengths, costs of inputs and shapes and its element attract consumers' attention. Only 14.3% of the respondents disagreed with this statement and the remaining 14.3% of the respondents' undecided to this statement. We can generalize that package design decisions are technical and involve comparative strengths, costs of inputs and shapes and its element attract consumers' attention.

Item "9" of the same table shows majority (71.14%) of the respondents agreed that the most important factors for package size decisions are the consuming unit and the rate of consumption. Whereas,14.3% of the respondents disagreed with it. And the remaining (14.3%) of the respondents neutral to respond to this question. From this we can conclude that the most important factors for package size decisions are the consuming unit and the rate of consumption.



Source: Questionnaire

Figure.1. Types of products that the company offers

This graph shows that the response of the respondents for the question ‘what types of products does the company offer?’ Majority (85.7%) of the respondents said bed sheets, 57.2% of the respondents said terry towels, 57.2% of the respondents said mattress covers, 28.6% of the respondents said printed fiber, 47.6% of the respondents said market yarn, 28.6% of the respondents said gray fiber, 14.3% of the respondents said diadem, 57.2% of the respondents said twill, 14.3% of the respondents said curtain, 42.8% of the respondents said drill, 14.3% of the respondents said pillow and 14.3% of the respondents said lining. But it is difficult to conclude that which product is produced by the company. Due to this reason, the researcher interviewed by using telephone. Interviewee said that all these products are produced by the company. And also the researcher asked another question. That question was ‘why did majority of the respondents list only bed sheet, terry towels, mattress covers, market yarn, twills and drill? Interviewee said that these products are known or they are popular but others are only known by production department employees. From this we can conclude that the company produces bed sheets, terry towels, mattress covers, market yarn, Printed fibers, grey fibers, diadem, curtain, twill, drill, pillow and lining.

Another question for product strategy is that “Does the company export its products?” all (100%) of the respondents said yes, the company exports its products to different countries. And there was another related question with this question that was “if your answer is yes, what types of products that the company exports?” 71.4% of the respondents said bed sheet, 28.6% of the respondents said pillow, 14.3% of the respondents said market yarn, 14.3% of the respondents said towels, and 57.2% of the respondents said most of products are exported. From this response, we can understand that majority of products are exported.

The last asked question for product strategy of the company was. “Does the company adopt marketing strategy for each Product Life Cycle (PLC)?” If your answer is yes; please list down marketing strategies in each PLC stages. For this question, 68.2% of respondents’ answers were “No” and others (32.8%) of the respondents said yes. From this we can understand that still the company does not adopt marketing strategy for each PLC. Generally, we can say that the company’s product strategy is good. Because the gathered data shows that customers are satisfied by the company’s product, the products’ brand differentiates the company’s product to

other competitors' product, it introduces additional items, launches products in a new category with in a new brand, and products packages are well designed.

According to findings of product strategy similar results reported by different writers

“According to Barker (2007), branding is the uses of a distinctive name or mark on product to differentiate it from similar competitive product. Similar results also showed from the gathered data. That is majority (85.7%) of the respondents agreed that the products brand differentiates the company's product to other competitors product. This means it supports Barker's saying.

Armstrong and Kotler (1994) explained line extensions, brand extensions, multi brand and new brands. Line Extensions: occur when accompany introduce additional items in the same product category under the same brand name. Such as new flavors, forms, colors, added ingredients, package sizes and so on. Brand Extensions: a company may be decided to use an existing brand name to launch a product in a new category. Multi Brands: a company will often introduce additional brands in the same category. New Brands: when a company launches products in a new category, it may find that none of its current brand names are appropriate. Similar results also showed from the gathered data about line extension. The gathered data showed that 42.8% of the respondents agreed that the company introduces additional items in to the same category under the same brand name like new flavors, forms, colors, added ingredients, package sizes and so on. This means the gathered data supports Armstrong and Kotlers saying. Brand extension definition has also positive relation with the company's brand extension strategy. This means the gathered data showed that a great majority (85.8%) of the respondents agreed that the company uses an existing brand name to launch a product in a new category. This implies that it supports the writer's message. When we interconnect Armstrong and Kotler's definition of multi brands and findings, it does not support their saying. Because, the gathered data showed that 47.6% of the respondents agreed that a company does not introduce additional brand in the same category. The gathered data also showed similar result with Armstrong and Kotler's definition of new brands. Because the finding showed that 47.6% of the respondents agreed that a company lunches products in a new category within a new brand. This means the gathered data supports this definition.

Similar to those writers Geoffranffer and Massing ham (1930) said that well designed packages can create convenience value for the consumer and promotional value for the producer. it may have number of quite different functions to perform. These are protections, identification and display. Similar results also showed from the gathered data. This means as the gathered data has showed a great majority (85.8%) of the respondents agreed that the products' packages are well designed packages can create convenience value for the consumer and promotional value for the producer. This indicates that it supports those writers saying.

Peter and Donney (1989) said that package size decision involves from appraisal of several factors, but the most important are the consuming unit and the rate of consumption.” Similar results also showed from the gathered data. The gathered data showed majority (71.4%) of the respondents agreed that consuming unit and the rate of consumption affect package size decision. So, we can say that it supports the writer's message.

This indicates that the company uses good product strategy within a little error. This means that the company uses standardized product strategy, but a few numbers of employees and managers did not agree with this strategy.

4.2.2 Promotion Strategy

Table 3 Response of the respondents about promotion strategy of the company

No.	Items		SA	A	UD	D	SD	Total
1	The company uses personal selling or face to face communication with middlemen for promoting its product.	F	6	30			6	42
		%	14.3	71.4	0	0	14.3	100
2	The company uses personal selling or face to face communication with final consumers to promote its product.	F	6	18	6	5	7	42
		%	14.3	42.8	14.3	11.9	16.7	100
3	The company uses telephone to communicate with middle men.	F	0	37	0	5	0	42
		%	0	88.1	0	11.9	0	100
4	The company uses the telephone to communicate with final consumer.	F	0	21	6	8	7	42
		%	0	50	14.3	19	16.7	100
5	The company promotes its products through public relation.	F	0	12	22		8	42
		%	0	28.6	52.4		19	100
6	The company promotes its product's negative and positive side through publicity.	F	0	0	20	15	7	42
		%	0	0	47.6	35.5	16.3	100

Source: Questionnaire

According to the information provide under item 1 of Table 3 85.7% of the respondents agreed with the statements that the company uses personal selling or face to face communication with middle men for promoting its product. And a few (14.3%) of the respondents disagreed with this statement. This shows that the company uses personal selling or face to face communication with middle men for promoting its product.

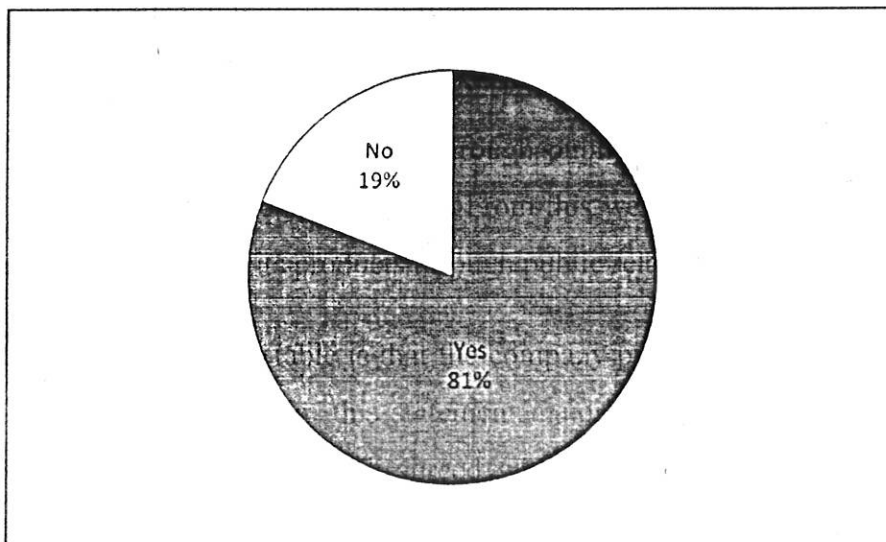
As can be seen from item 2 of Table 3, majority (57.2%) of the respondents agreed that the company uses personal selling or face to face communication with final consumer for promoting its product and 28.6% of the respondents disagreed with this statement. The remaining (14.3%) of the respondents undecided to this statement. From this we can conclude that the company uses personal selling or face to face communication with final consumers for promoting its product.

On item 3 of Table 3. of the respondents were asked whether the company uses the telephone to communicate with middlemen. A great majority (88.1%) of the respondents agreed and a few (11.9%) of the respondents disagreed. From this we can conclude that the company uses the telephone, to communicate with middlemen.

In response to the statement that the company uses the telephone to communicate with final consumer. 50% of the respondents agreed whereas 35.5% of the respondents disagreed. And 14.3% of the respondents undecided it. From this we can conclude that the company uses the telephone to communicate with final consumer.

As shown in item 5 of Table 3, 52.4% of the respondents undecided to the statement that the company promotes its products through public relation. 28.6% of the respondents agreed and 19% of the respondents disagreed. From this we can understand that it is difficult to decide the company promotes its products through public relation.

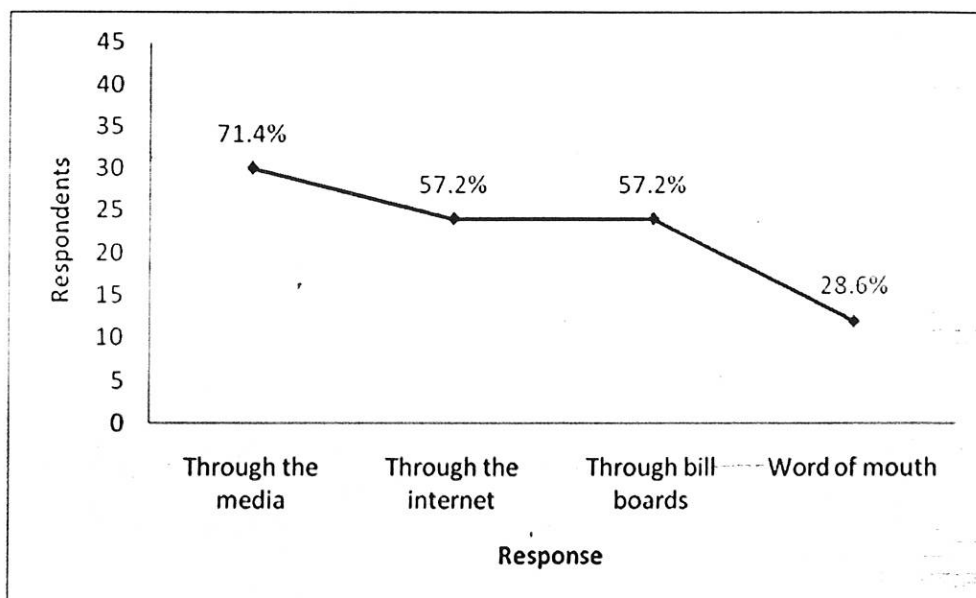
The last item in this table is that the company promotes its products' negative and positive side through publicity. From this statement majority (47.6%) of the respondents undecided it, and 52.4% of the respondents disagreed with this statement. From this we can conclude that the company does not promote its products positive and negative side through publicity.



Source: Questionnaire
Fig.2 Advertisement

Figure 2 shows that the response of the respondents for the question “Do you do advertisement for your business?” For this question, majority (80.90%) of the respondents said yes and a few (19.1%) of the respondents said no. from this we can conclude that the company does advertisement to its product. In other words, the company advertises its products to its users.

Fig 3 shows that the response of respondents for the question which is related with the above question. That is “If your answer is yes for the above question, how do you advertise?” through the media, through internet, through billboards, word of mouth.

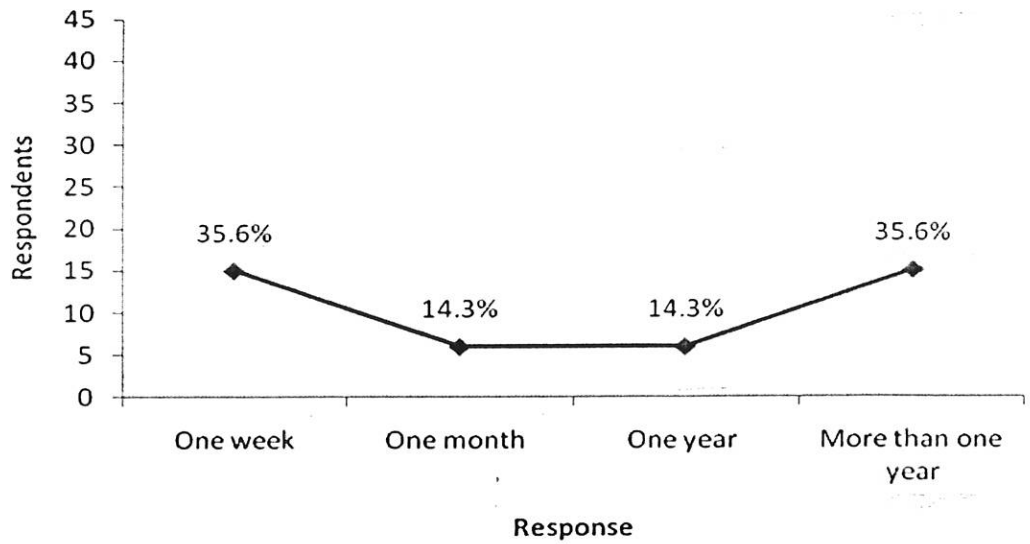


Source: Questionnaire

Figure 3 Ways of advertisement

This graph shows that majority (71.4%) of the respondents said through the media, 57.2% of the respondents said through internet, 57.2% of the respondents said through bill boards and 28.6% of the respondents said word of mouth. And a few (4.3%) of the respondents did not answer this question. From this we can conclude that the company advertises its product through the media mostly, and through bill boards and internet.

Figure 4 Shows that the response of respondents for the question “how long do you want your advertisements to run?”

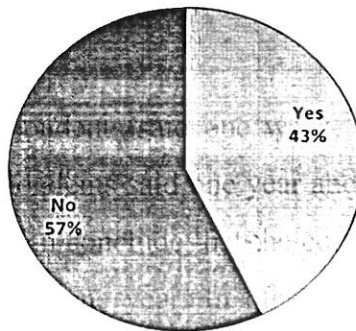


Source: Questionnaire

Figure 4 Duration of Advertisement

This graph shows that 35.6% respondents said one week, 14.3% of the respondents said one month, similarly 14.3% of the respondents said one year and also 35.6% of the respondents said more than one year. From this we can conclude that the company wants to run its advertisement either once in a week or more than one year. In other words the company wants to run its advertisement only within a week or it wants to show its advertisement more than a year.

Figure 5 Shows that the response of respondents for the question “does the company use sales promotion or short incentive to supplement advertising and facilitate personal selling?”

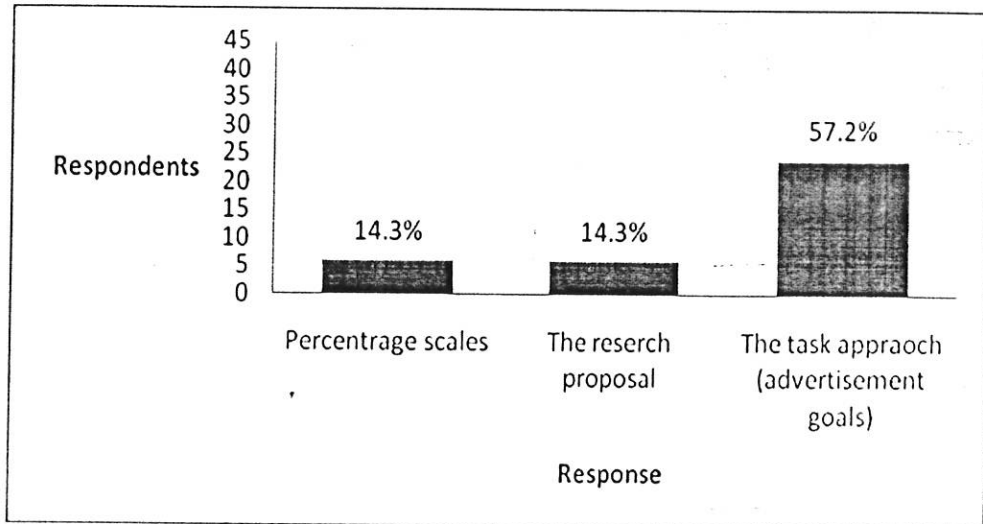


Source: Questionnaire

Figure 5 Sales promotion

This figure shows that majority (57.2%) of the respondents said no and 42.8% of the respondents said yes. From this we can conclude that the company does not use sales promotion or short incentive to supplement advertising and facilitate personal selling.

Figure 6 Show that the response of respondents for the question ‘how does the company spend money for advertisement?’



Source: Questionnaire

Figure 6 System of spending budget for advertisement

This graph shows that majority (57.2%) of the respondents said the task approach or advertisement goals and 14.3% of the respondents said percentage of sales, similarly 14.3% respondents said the research proposal. And the remaining 4.3% of the respondents did not answer this question. This implies that the company spends money for advertisement based on the task approach or advertisement goals.

According to the finding of promotional strategy similar result reported by Peter and Donnely (1989), Wilmschurt (1995), E Ckles (1990), Davis (1993), Cundiff, Still and Govoni (1980). Peter and Donnely (1989) said personal selling takes place face to face or over the telephone, and it may be directed to a middle men or a final consumer. Similarly the gathered data shows majority (85.7%) of the respondents agreed that the company uses personal selling or face-to-face communication or the telephone to communicate with its customers. In other words it supports the writer’s saying.

Wilm Shurt (1995) said the most familiar forms of advertising are found in the broadcast and print media. Similar results also gathered, this means the company advertises its products through media, bill board and internet. It supports the writers saying.

Eckles (1990) defined as sales promotion is demand stimulating activity designed to supplement and facilitate personal selling. But the gathered data showed that majority (57.2%) of the respondents agreed that the company does not use sales promotion. From this we can say that it is against with the writers' message.

Davis (1993): Public relation encompasses a wide verity of communication efforts to contribute general favorable attitude and opinions toward an organization and its products. But the gathered data showed that it is difficult to decide the company promotes its products through public relation.

Cundiff, Still and Eoveni (1980): Publicity involves an impersonal message that creates a mass audience through the media, but it is not paid form. They also deal with how to determine advertisement budget. They said that advertisement budget spend based on percentage of sale, per unit expenditure, affordability, competitive parity, the research proposal and the task approach. Similarly, the gathered data shows that the company spends money for advertisement based on the tax approach or advertisement goals. So we can say that it supports the writers message.

4.2.3 Pricing Strategy

Table 4 Response of the respondents about pricing strategy of the company

No.	Items	SA		A		UD		D		SD		Total	
		F	%	F	%	F	%	F	%	F	%	F	%
1	The company publishes discount (price) information for large volume purchases.	7	16.7	0	0	14	33.3	14	33.3	7	16.7	42	100
2	The price charged for the company's product is reasonable.	18	42.8	18	42.8	6	14.3	0	0	0	0	42	100
3	The price charged corresponded with the quality of the product.	30	71.4	6	14.3	6	14.3	0	0	0	0	42	100

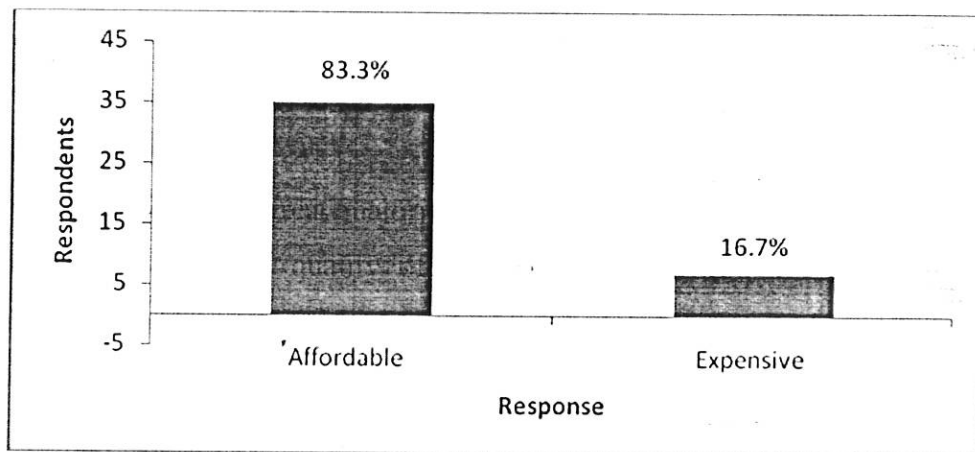
Source: Questionnaire

As indicated in Table 4. Item No. 1, 50% of the respondents disagreed with the statement that the company publishes discount (price) information for large-volume purchases, whereas 16.7% of the respondents agreed with this statement. 33.3% of the respondents undecided it. From this we can conclude that the company does not publish discount (price) information for large volume purchases.

According to item (2) of the same Table a great majority (85.7%) of the respondents agreed with the statement that the price charged for the company's product is reasonable. However, 14.3% of the respondents undecided to this statement. From this we can conclude that the price charged for the company's product is reasonable.

As it depicted from Table 4 great majority (85.7%) of the respondents agreed that the price charged corresponds with the quality of the product. However, 14.3% of the respondents undecided to this statement. From this we can understand that the price charged corresponds with the quality of the product.

Figure 7 Shows that the response of respondents for the question “what is your opinion concerning the price of the product?”

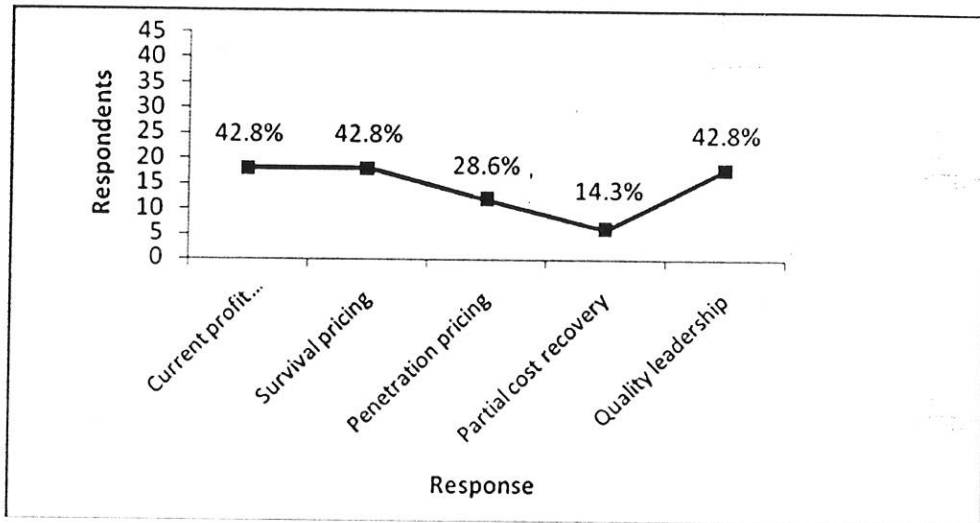


Source: Questionnaire

Figure 7 Respondents' opinion concerning the price of the product

Figure 7 shows that a great majority (83.3%) of the respondents said the price of the product is affordable and 16.7% of the respondents said expensive. From this we can conclude that the price of the company's product is affordable. In other words the price of the product is fair. This means it is not cheap or expensive.

Figure 8 shows that response of the respondents that for the question “which one of the following is/are the company's pricing objective?”

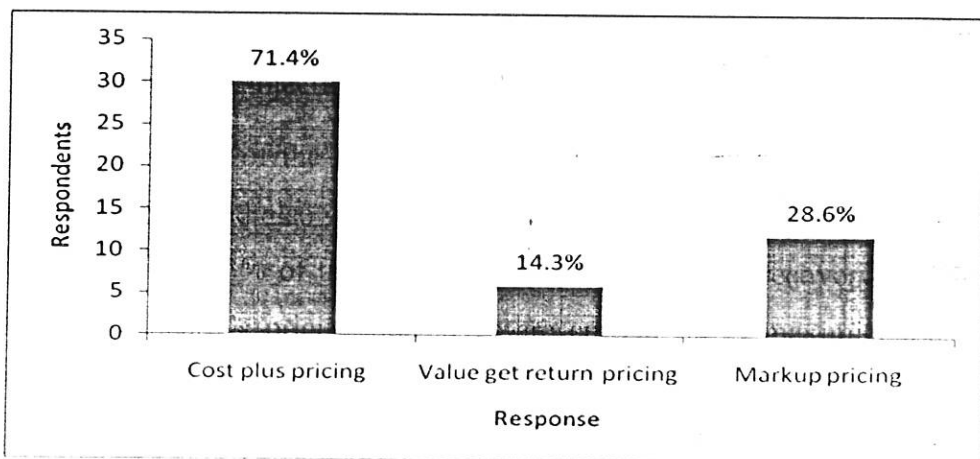


Source: Questionnaire

Figure 8 Company's pricing objective

Figure 8 shows that 42.8% of the respondents said current profit maximization, 42.8% of the respondents said survival and also 42.8% of the respondents said quality leadership, 28.6% said penetration pricing and 14.3% of the respondents said partial cost recovery. From this we can conclude that the company's pricing objectives are current profit maximization, survival and quality leadership mostly and penetration pricing.

Figure 9 shows that the response of respondents for the question "what pricing method does the company use?" (You can select more than one)



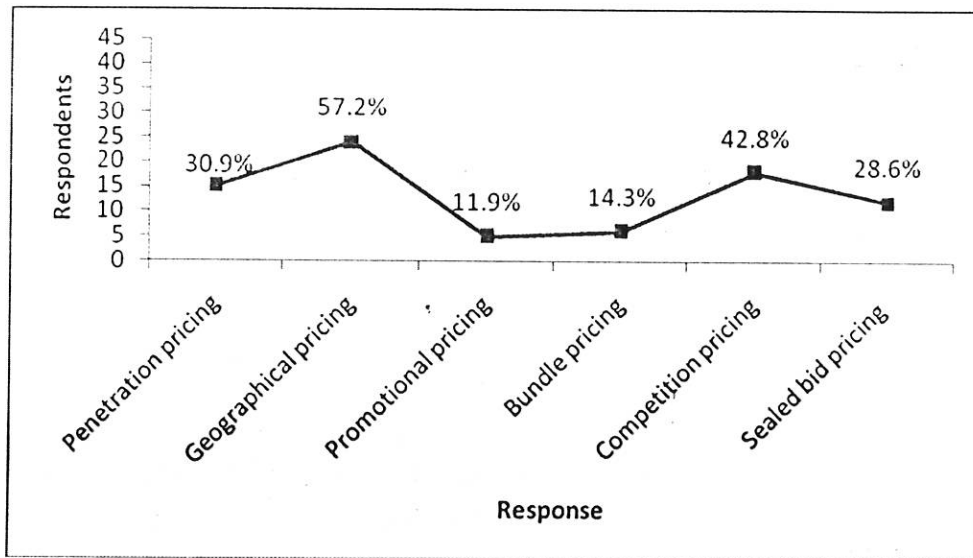
Source: Questionnaire

Figure 9 Pricing methods

This shows that majority (71.4%) of the respondents said, cost plus pricing, 14.3% said value get return pricing and 28.6% of the respondents said markup pricing. The company does not use psychological pricing or other pricing method.

From this we can conclude that pricing methods of the company is cost plus pricing.

Figure 10 shows that the response of respondents for the question “what types of pricing strategies does the company follow?”



Source: Questionnaire

Figure 10 Pricing strategies

This graph shows that majority (57.2%) of the respondents said geographical pricing, 30.9% of the respondents said penetration pricing, 42.8% of the respondents said competition pricing, 11.9% said promotional pricing, 14.3% said bundle pricing, and 28.6% of the respondents said sealed bid pricing. But the researcher interviewed by using phone to get more explanation from respondents. Interviewee said that mostly our pricing strategy is geographical pricing but sometimes we use penetration pricing, competition pricing or sealed bid pricing. From this we can conclude that the company’s pricing strategy is geographical pricing and sometimes the company uses penetration pricing, competition pricing or sealed bid pricing.

According to the findings of pricing strategy similar results reported by Nagle, Thomas and Holden (2002), Kotler (2002), Staton, Etzel, and Walker (1994), and R. J.Jain (1997).

Nagle, Thomas and Holden, (2002) said that the needs of the consumer can be converted in to demand if only if the consumer has the willingness and capacity to buy the product. Similar results are also done because the gathered data shows that the company's pricing is reasonable or affordable. Due to this reason customers can purchase it easily. So we can say that it supports the writers saying.

Kotler (2002): Common pricing objectives are current profit maximization, current revenue maximization, maximize quality, quality leadership, , survival, skim pricing, and penetration pricing. The gathered data also showed that the company's pricing objectives are current profit maximization, quality leadership and survival. So it supports the writer's message.

Stanton, Etzel and Walker (1994): To set the specific price level that achieves their pricing objectives, managers may make use of several pricing methods. These methods include: cost-plus pricing, target return pricing, value based pricing, psychological pricing and markup pricing. The gathered data also shows that majority (71.4%) of the respondents said that the company's main pricing method is cost plus pricing. So we can say that it supports the writers' saying.

R.J. Jain (1997): An organization can adopt a number of pricing strategies. The pricing strategies are based much on what objectives the company has set it self to achieve. Common pricing strategies are penetration pricing, skimming pricing, competition pricing, product line pricing, bundle pricing, psychological pricing, promotional pricing, geographical pricing, value pricing and sealed bid pricing. The gathered data shows that majority(57.2%) of respondents said that among those pricing strategies, the company uses geographical pricing. So we can say that it supports the writer's saying.

4.2.4 Distribution Strategy

Table 5 Responses of the respondents about distribution strategy of the company

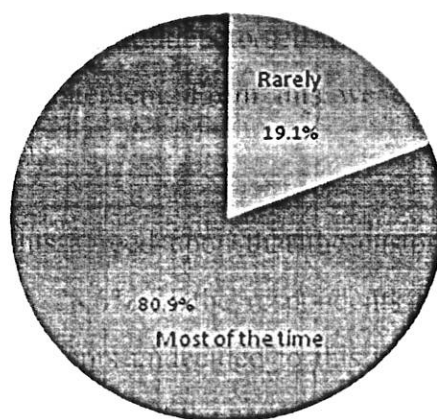
No.	Items	SA		A		UD		D		SD		Total	
		F	%	F	%	F	%	F	%	F	%	F	%
1	The company has enough outlets to sell its products.	30	71.4	6	14.3	6	14.3	0	0	0	0	42	100
2	The customers get the actual amount of the product on request.	12	28.6	12	28.6	6	14.3	12	28.6	0	0	42	100

Source: Questionnaire

As it has been shown from Table 5 item No. 1 a great majority (85.7%) of the respondents believed that the company has enough outlets to sell its products. The remaining (14.3%) of the respondents undecided to this statement. From this we can conclude that the company has enough outlets to sell its products.

Lastly, 57.2% of the respondents agreed upon that the customers get the actual amount of the product on request. In contrast, 28.6% of the respondents disagreed with this statement. The remaining (14.3%) of the respondents undecided to this statement. From this we can conclude that the customers get the actual amount of the product on request.

Figure 11 shows that the response of respondents for the question “how often is the types of product you order available?”

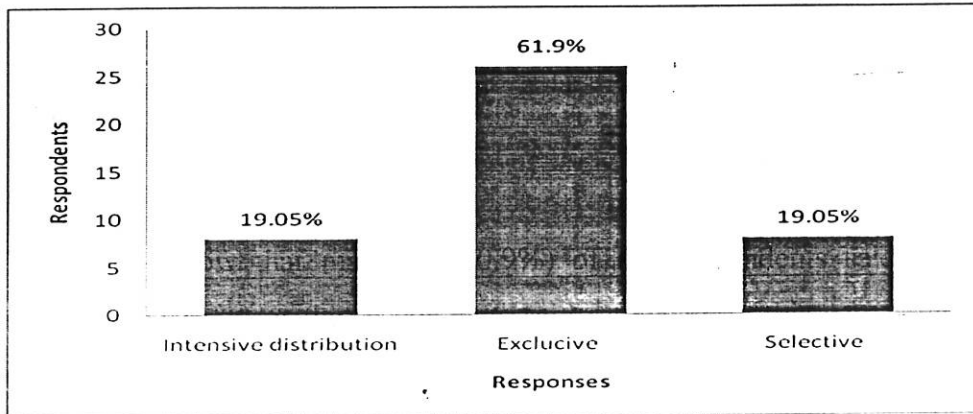


Source: Questionnaire

Figure 11 Availability of product

This graph show that majority (80.9%) of the respondents said most of the time and the remaining (19.1%) of the respondents said rarely. From this we can conclude that most of the time types of products are available.

Figure 12 Shows that the response of respondents for the question “what distribution strategies does the company use?”

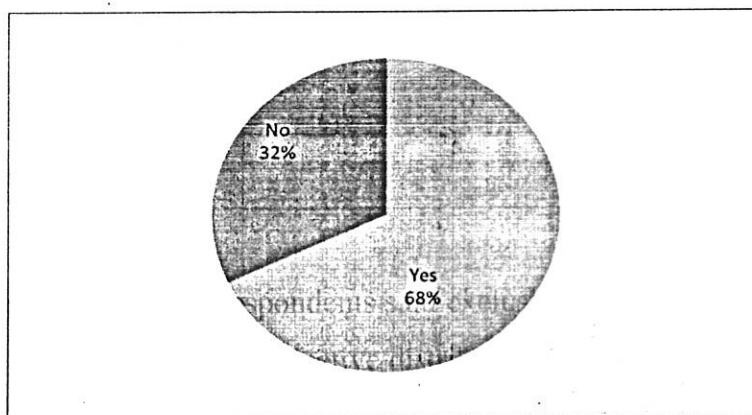


Source: Questionnaire

Figure 12 Distribution strategies

The graph shows that 61.9% of the respondents said exclusive distribution strategy, 19.05% said intensive distributive, and 19.05% said selective distribution strategy. From this we can conclude that the company uses exclusive distribution strategy mostly.

Figure 13 Shows that the response of respondents for the question “do you distribute your product to regions?”

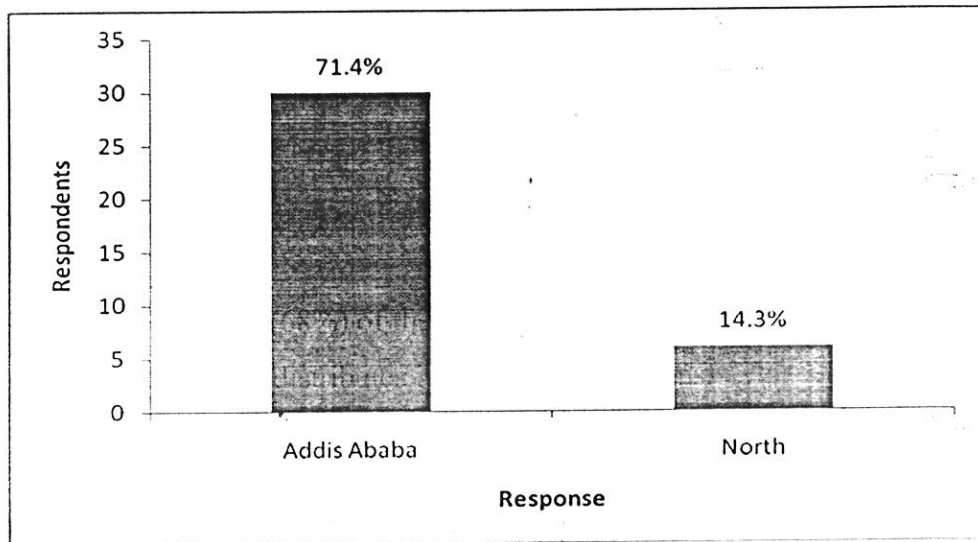


Source: Questionnaire

Figure 13 Distribution of products to regions

The graph shows that majority (68%) of the respondents said yes, and 32% said no. From this we can conclude that the company distributes its products to regions.

Figure 14 Shows that the response of respondents for the above related question that is “if your answer is yes for the above question, which region consumes more textile product?”

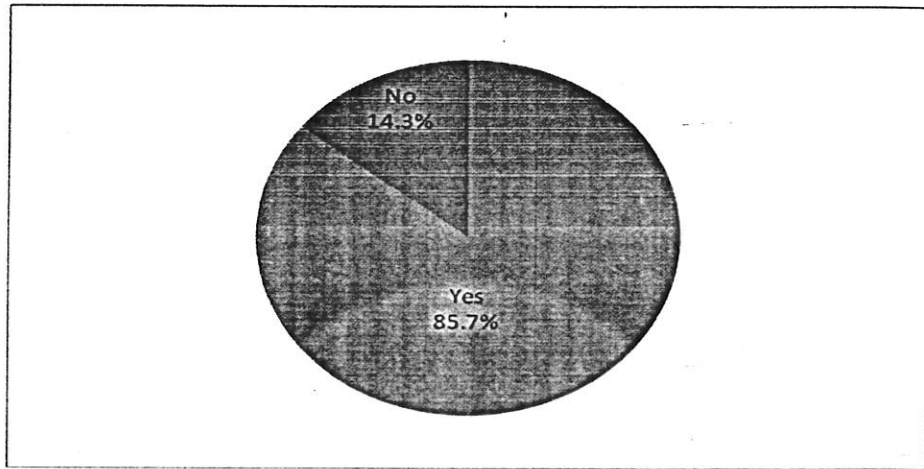


Source: Questionnaire

Figure 14 Regions that the product distributed

This graph shows that majority (71.4%) of the respondents said Addis Ababa, 14.3% of the respondents said North. From this we can conclude that the company sells its products to Addis Ababa region mostly. In other words among other regions of the country, the company has more consumers or customers in Addis Ababa city than other places.

Figure 15 Shows that the response of respondents for the question “does the company use both direct and indirect distribution methods?”

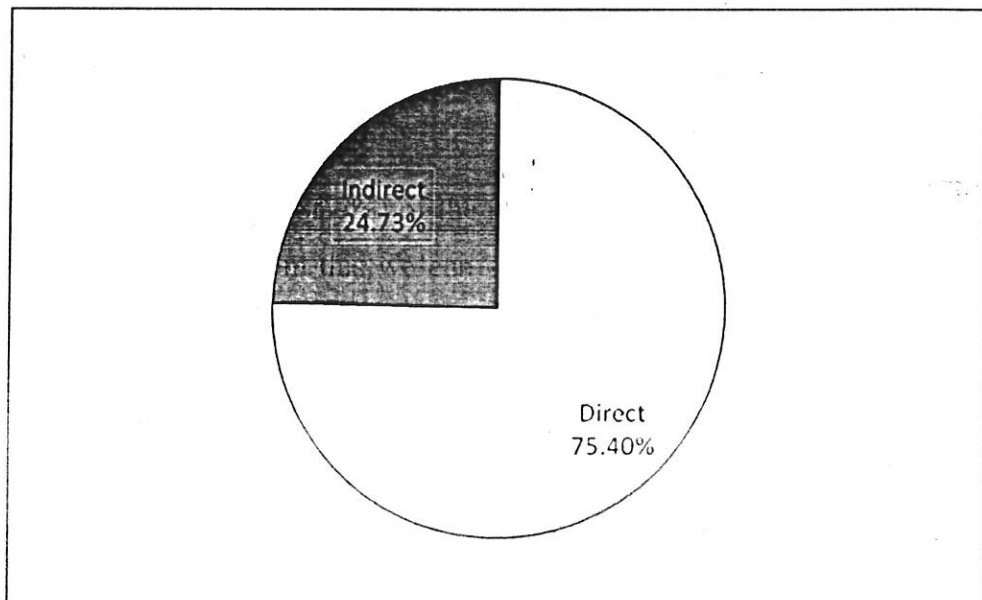


Source: Questionnaire

Figure 15 Distribution methods

This graph shows that majority (85.7%) of the respondents said yes, and the remaining (14.3%) of the respondents said no. From this we can conclude that the company uses both direct and indirect distribution.

Figure 16 Shows that the response of respondents for a question that is related with the above question. It said that “if your answer is yes for the above questions which one does the company use more frequently?”



Source: Questionnaire

Figure 16 Comparison between direct and indirect distribution method

This shows that majority (71.4%) of the respondents said direct distribution and 21.15% of the respondents said indirect distribution. The remaining (7.15%) of the respondents did not answer this question. From this we can conclude that the company uses direct distribution more frequently.

According to the finding of distribution strategy similar results reported by Evans & Bernan (1997), Baker (2007) & Elvy (1998).

Evans and Bermain (1997) said that depending on the types of product being distributed there are three common distribution strategies available. These are intensive, exclusive and selective distribution. The gathered data also shows that majority (61.9%) of the respondents said that the company uses exclusive distributions strategy. This means this result can support Evans and Bernain saying. In other words among those distribution strategies the company uses one of them. So we can say that the company follows standardized distribution strategy.

Elvy (1998): Two types channel of distribution methods are available: indirect and direct distribution. The gathered data also showed that great majority (85.7%) of the respondents agreed that the company uses both direct and indirect distribution method. But it uses direct distribution method more frequently. This also supports Elvy saying.

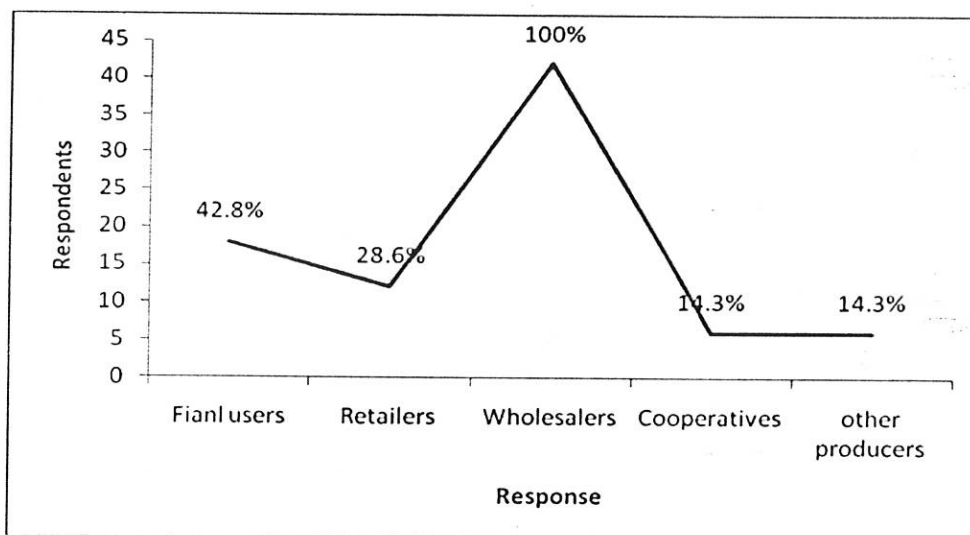
Baker (2007): The organization must distribute the product to the user at the right place at the right time. Effective and efficient distribution is important if the organization is to meet its overall marketing objective. Similar results also showed from the gathered data. It shows that the company has enough outlets to sell its product, products available and customers get it on request. So we can say that it supports Baker's saying.

4.2.5 Marketing Environment

The first question for marketing environment was "How does the company generally compete with others?"

All (100%) of the respondents said highly competitive. This implies that the company is highly competitive. This means it is not poorly competitive or average.

Figure 17 show that the response of respondents for the question “what types of buyer(s) are contracting with your firm?”



Source: Questionnaire

Figure 17 Buyers of the company’s product

This graph shows that all (100%) of the respondents said wholesalers, 42.8% of the respondents said final users, 28.6% said retailers, 14.3% said cooperatives and 14.3% of the respondents said other producers. But the researcher interviewed by using telephone to get more information. The interviewed question was “are wholesalers only contracting with your company?” interviewee said that mostly wholesalers contracting with our company but final users and retailers are also contracting with us.

From this we can conclude that wholesalers are contracting with a firm more frequently. And final users and retailers are also contracting with a firm. In other words most of the time wholesalers are contracting with a firm. This means mostly the company contracts with its wholesalers rather than other customers.

Table 6 Marketing environment that affects company's marketing strategy

No.	Item	Very minor		Minor		Neutral		Important		Very important		Total	
		F	%	F	%	F	%	F	%	F	%	F	%
1	Supplier	-	-	8	19	-	-	14	33.3	20	47.6	42	100
2	Customers	-	-	-	-	14	33.3	14	33.3	14	33.3	42	100
3	Competitors	13	30.9	13	30.9	-	-	13	30.9	-	-	39	92.8
4	Market intermediaries	14	33.3	8	19	-	-	14	33.3	-	-	36	85.7
5	Publics	6	14.3	-	-	12	28.6	6	14.3	-	-	24	57.2
6	Company's internal environment (finance, management, etc)	-	-	-	-	-	-	17	40.5	19	45.2	36	85.7
7	Macro environment (eco, political, culture)	7	16.7	7	16.7	7	16.7	13	30.9	6	14.3	40	95.2
8	Others (quality of raw materials)	-	-	-	-	-	-	-	-	6	14.3	-	-

Source: Questionnaire

As indicated in Table 6 item no. 1, majority (81.9%) of the respondents said important and 19% said minor. From this we can conclude that suppliers affect company's marketing strategy more.

As can be seen in Table 6, majority (66.6%) of the respondents said important and 33.4% of the respondents said neutral. From this we can conclude that customers affect company's marketing strategy.

According to item 3, majority (61.8%) of the respondents said minor and 30.9% of the respondents said important. The remaining (7.2%) of the respondents missed this question. From this we can conclude that competitors do not affect the company's marketing strategy.

As it can be seen from Table 6 item No. 4, 52.3% of the respondents said minor and 33.3% of the respondents said important and the remaining 14.3% of the respondents missed this question. From this we can conclude that market intermediaries do not affect its marketing strategy.

Table 6 of item no. 5 shows that 28.6% of the respondents said neutral, 14.3% of the respondents said important and 14.3% of the respondents said very minor. The remaining 42.8% of the respondents did not answer this question. From this we cannot give conclusion because majority of the respondents did not answer this question. But the researcher interviewed that 'why did not most respondents answer this question?'. Interviewee said that it is not clear for us either public affects the company's marketing strategy or not. And the researcher raised another question that was 'would you clarify?' They said that still we don't see public affects our marketing strategy visually. From this we can conclude that publics can not affect the company's marketing strategy.

On the same Table item № 6 majorities (85.7%) of the respondents said important and the remaining (14.3%) of the respondents missed this question. From this we can conclude that company's internal environment affects the company's marketing strategy.

On the same Table item № 7, 45.2% of the respondents said important and 33.4% of the respondents said minor, (16.7%) of the respondents said neutral and (4.8%) of the respondents missed this question. From this we can conclude that macro environment affects company's marketing strategy.

According to the findings of marketing environment similar results reported by Armstrong and Kotler,(1994): marketing environment consists of internal environment, macro and micro environment. Micro environment consists of suppliers, customers, marketing intermediaries,

competitors and publics. Company's internal environment consists of top management, finance, manufacturing etc. And macro environment consists of economy, culture, political, social, etc. Similarly as the gathered data showed that the company is affected by internal environment, macro environment and micro environment. In other words it supports Armstrong and Kotlers' saying. So we can say that the findings and this literature have positive relationship.

CHAPTER FIVE

Summary, Conclusions and Recommendations

This final chapter of the thesis deals with the major findings of the study, conclusions drawn on the basis of the findings, and recommendations that are assumed to contribute to the alleviation of the problems related to marketing strategy of Kombolcha textile factory.

5.1 An Overview

The principal purpose of this study was to assess marketing strategy of Kombolcha textile factory in Amhara region. Research questions addressing issues related to marketing strategy such as product strategy, promotion strategy, pricing strategy, distribution strategy and marketing environment of the company. To this effect, the study attempted to address the following research questions.

1. How is the product strategy going to be made?
2. What promotional strategies does the company use to promote its products?
3. How should the budget be allocated to different promotional activities?
4. Does the company have wide channels for distributing its products?
5. What distribution mechanisms does the company use to distribute its products?
6. How are company's prices set?
7. What pricing strategies does the company follow?
8. To what extent environmental factors be assessed which affect company's marketing strategy?

In order to achieve the following objectives of the study, the above basic research questions were treated.

Objectives of this study were:

1. To assess how the product strategies of the company is made.
2. To identify types of promotions that the company run.
3. To examine promotional budget of the company.
4. To asses distribution strategies of the company.

5. To assess bases that the company uses to set pricing of a product and pricing strategy of the company.
6. To assess company's marketing environment.

To deal with the research questions, related literature was reviewed: a questionnaire was administered with the aim of gathering primary data from employees of the company. The total of sample population was 50 drawn from Kombolcha textile factory employees and selected by using judgmental sampling technique.

A total of 50 copies of each of the employees' questionnaire were distributed to the sampled population; of which 42 copies of the completed employees' questionnaire were valuable for analysis, signifying a recovery rate of 84%.

For this sets of primary data, questionnaire was designed for employees in English language. A pilot study was carried out to help among other things to improve the research instrument as well as to provide a guide to the execution of the main study. For the purpose of analysis descriptive statistics such as frequency and percentage were used.

5.2 Summary of the Findings

1. Concerning the gender of the respondents: 100% of respondents were male. It indicates that females were not involved in the marketing management positions in this study area. It seemed to challenge the intention of the education and training policy, which emphasizes the encouragement of females for managerial positions. The study revealed that 42% of respondents were in the age range between 26-40 years, majority (85.7%) of respondents were first degree holders, and 71.4% of respondents were middle level manger.
2. Regarding the product strategy of the company
 - a) Majority (71.4%) of the respondents agreed that the company's customers are satisfied by products or brand. However, there were also a considerable number of respondents who were not agreed with this statement.
 - b) It was found out by this study that the product's brand differentiates the company's product.

- c) The outcome of the study revealed that, 42.8% of the respondents agreed that the company introduces additional items into the same category under the same brand name like new flavors, forms, colors, package sizes etc.
- d) A great proportion (85.7%) of the respondents agreed with the statement that the company uses an existing brand name to launch a product in a new category.
- e) The study also showed that 47.6% of the respondents disagreed with the statement that the company introduce additional brand in the same category.
- f) According to the findings of the study, 47.6% of the respondents agreed with the statement that the company launches products in the new category within a new brand.
- g) The study revealed that a great majority (85.8%) of the respondents believed that the product's packages are well designed and it creates convenience for the consumer and promotional value for the producer.
- h) Majority (71.5%) of the respondents agreed that, package design decisions are technical and involve, comparative strengths, costs of inputs and shapes and its element attract consumer's attention.
- i) As the findings of the study revealed that majority (71.4%) of the respondents agreed that the most important factors for package size decisions are the consuming unit and the rate of consumption.
- j) The study also found out that the company produces bed sheets, terry towels, mattress covers, market yarn, printed fibers, grey fibers, diadem, curtain, twill, drill, pillow and lining. But among these different types of products bed sheets, terry towers, mattress covers, market yarn, and twill are the most popular or well known.
- k) According to the findings of the study, majority (57.2%) of the respondents said that most of products are exported.
- l) The study also indicated that majority (68.2%) of respondents said the company does not adopt marketing strategy for each product life cycle.

3. Regarding the promotion strategy of the company

- A) As the findings of the study disclosed majority (85.7%) of respondents agreed with the statement that the company uses personal selling or face to face communication with middle men for promoting its product.

- B) Majority (57.2%) respondents agreed that the company uses personal selling or face to face communication with final consumer for promoting its product.
- C) The study also showed that a great majority (88.1%) of respondents agreed that the company uses the phone to communicate with middlemen.
- D) The outcome of the study revealed that 50.2% of respondents agreed that the company uses the phone to communicate with final consumer.
- E) It was found out by this study that it is difficult to decide the company promotes its product through public relation.
- F) The result of the study indicated that the company does not promote its products positive and negative side through publicity.
- G) The results of the study showed that the company advertises its product through media, bill boards and internet.
- H) According to the findings of the study, the company wants to run its advertisement only with in a week or it wants to show its advertisement more than a year.
- I) With regard to sales promotion, majority (57.2%) of respondents said that the company does not use sales promotion or short incentive to supplement advertising and facilitate personal selling.
- J) The study also showed that, majority (57.2%) of the respondents said that the company spends money for advertisement based on the task approach or advertisement goals.

4. Regarding pricing strategy of the company

- A. The outcome of the study revealed that, (50%) of the respondents sighted that the company does not publish discount (price) information for large volume purchases.
- B. According to the findings of the study, a great majority (85.7%) of respondents agreed that the price charged for the company's product is reasonable or the price charged corresponds with the quality of the product.
- C. According to the findings of the study, majority of the respondents said that the company's pricing objectives are current profit maximization, survival and quality leadership mostly and penetration pricing.
- D. The study also found out that the pricing methods of the company is cost plus pricing mostly.

E. As the finding of the study revealed, majority (57.2%) of respondents said that the company's pricing strategy is geographical pricing.

5. Regarding distribution strategy of the company

- A. According to the results of the study, a great majority (85.7%) of the respondents believed that the company has enough outlets to sell its product.
- B. The study revealed that the majority (57.2%) of the respondents agreed upon that the customers get the actual amount of the product on request.
- C. The study also found out that a great majority (80.9%) of the respondents said that most of the time products are available for customers.
- D. According to the findings of the study, majority (61.9%) of respondents said that the company uses exclusive distribution strategy mostly.
- E. The outcome of the study revealed that, a great majority (71.4%) of respondents said that the company distributes its product to Addis Ababa city.
- F. The study also showed that, the company uses both direct and indirect distribution method but the company uses direct distribution method more frequently.

6. Regarding marketing environment of the company

- A. According to the findings of the study, all (100%) of the respondents said that the company is highly competitive.
- B. As the findings of the study revealed that, most of the time wholesalers are contracting with a firm. And final users and retailers are also contracting with the company.
- C. The study also showed that suppliers, customers, internal environment, and macro environment affect company's marketing strategy.
- D. The study also indicated that the company's marketing strategy is not affected by competitors, market intermediaries and public.

5.3 Conclusions

The following conclusions are drawn from the findings

1. The participation of females in the managerial position of the study area is very low. Accordingly, the finding from this study revealed that all respondents were male.
2. The findings of the study confirmed that the product's brand differentiates the company's product to other competitors' product; a company introduces additional items in the same category under the same brand name; the company uses an existing brand name to launch a product in a new category and a company launches products in a new category with in a new brand. Furthermore, the company's products' packages are well designed and it creates convenience for the consumer and promotional value for the producer, the package design decision are technical and involve comparative strengths, costs of inputs and shapes and its element attract consumer's attention and the most important factors for package size decisions are the consuming unit and the rate of consumption. But still, the company does not introduce additional brand in the same category. The company produces different products like bed sheet, terry towels, mattress covers, market yarn, printed fibers, prey fibers, diadem, curtain, it will, drill, pillow and lining. Among these products majority of them are exported especially bed sheets. However, the company did not adopt marketing strategy for each product life cycle.
3. As it is shown in the findings, the company uses personal selling or face to face communication with middlemen or final consumers for promoting its product and it uses the telephone to communicate with middlemen or final consumer. However, the company did not promote its products through public relation .The company advertises its products through media, internet and billboards. Still the company does not use sales promotion or short incentive to supplement advertising and facilitate personal selling. And the company spends money for advertisement based on the task approach or advertisement goals. Generally, the gathered data indicates that among promotional mixes the company uses only personal selling and advertisement mostly to communicate with its customers.
4. In the context of the study the company does not publish discount (price) information for large volume purchases and the price charged for the company's product is reasonable or corresponded with the quality of the product. The company's pricing objectives were

current profit maximization, survival and quality leadership. The main pricing method of the company was cost plus pricing and the pricing strategy of the company is geographical pricing.

5. The study also showed that, the company has enough outlets to sell its product and customers get the actual amount of the product on request. Most of the time the company uses exclusive distribution strategy; it distributes its product to different regions, mostly to Addis Ababa city; the company uses both direct or indirect distribution method but it uses direct distribution method more frequently.
6. As revealed in the findings of this study, the company is highly competitive; most of the time wholesalers are contracting with a firm rather than other customers of the company. The company's marketing strategy is affected by suppliers, customers, macro environment, and internal environment. The company's marketing strategy is not affected by competitors, marketing intermediaries and publics.

5.4 Recommendations

On the bases of the findings and conclusions, the following recommendations are forwarded in the hope that they would help to minimize the problems associated with marketing strategy of the company.

1. Females should be encouraged to participate in the managerial positions of the company. The opportunity should be given to females. Implementing affirmative actions, starting from educating and providing training, conducting fair and rewarding competition during recruitment and promotion should be used to attract and encourage females to take managerial positions.
2. Additional brand should be introduced in the same category because brand has a power to attract customers; it may create a difference from competitors brand; it can alleviate imitation and it can promote the company's image. And a company should also adopt marketing strategy for each product life cycle. Because a product may be in the growth stage, introduction stage, maturity stage or decline stage. But in each stage there is different marketing strategy. In order to understand each of marketing strategy, it should adopt marketing strategy for each product life cycle.

3. Different promotional mixes should be used like public relation, publicity and sales promotion. The findings showed that the company uses only two promotional mixes such as advertisement and personal selling. But the company should use other promotional mixes. Like sales promotion or short incentive: it can supplement advertising and facilitate personal selling. In order to attract potential customers or retain actual customers, a company should use sales promotion by giving different type of incentives. The company should also use public relation in order to relate with people positively and it should promote its products through publicity at this time the people can understand positive and negative sides of the product. For example, by products or waste materials may affect people health. In order to avoid or minimize it, a company should promote its product negative and positive side through publicity.
4. The company should publish discount (price) information for large volume purchases. Since, wholesalers and some retailers may purchase large quantity and they need discount because their aim is to get profit or income by selling these products to other users or small traders. In order to attract or retain these customers, a company should publish discount when they purchase large quantity.
5. The company should use indirect distribution method more frequently. The findings showed that the company uses direct distribution method more frequently. But in order to minimize cost, it is essential to use indirect distribution method. Not only this but also if it uses indirect distribution method, the company will get different geographical coverage because retailers and some wholesalers can sell their product in each parts of the country or in each homes of customers.
6. The company should consider public or marketing intermediaries when it makes strategy. Since, marketing intermediaries are direct customers of the company and publics are also customers of the company directly or indirectly. So, in order to sustain its growth, the company should consider them when it plans or makes its strategy.

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Appendices

Appendix A
Addis Ababa University
School of Graduate Studies
College of Education
Department of Business Education
Research Questionnaire

A questionnaire to be filled in by employees and employers of Kombolcha Textile Factory.

The purpose of this questionnaire is to gather data on the marketing strategy of Kombolcha Textile Factory in South Wollo for the fulfillment of Masters Degree (MA) in Marketing Management. To this end, the questionnaire is designed on assessing the marketing strategy of this factory. Your observations would be of great help to the success of this study. Therefore, you are kindly requested to extend your cooperation by frankly responding to the given questions. Your cooperation in taking the time to fill in the questionnaire is very much appreciated.

Your genuineness contributes greatly towards achieving in the objective of the investigation.

General Direction

Please, note the following before you start responding

1. You respond to items by expressing your degree of agreement or disagreement to each statement by putting “√” mark in the
 - a. 5= Strongly Agree/Very High
 - b. 4= Agree/High
 - c. 3= Undecided/Uncertain/Medium
 - d. 2=Disagree/Low
 - e. 1= Strongly Disagree/Very Low

The questionnaire has three parts, part one is the background information of the respondents, part two is items on marketing strategy and part three is open-ended questions.

2. Be sure that your response will be kept confidential
3. What is required is just your opinion
4. Your frankness is very important

Thank you!

Part One Personal Data

1. Sex Male Female
2. Age Below 18 yrs 18-25 yrs 26-33 yrs 34-41 yrs
 42-49 yrs Above 50 yrs
3. Educational background Below grade 10 10/12 completed
 Diploma First Degree Post Graduate PhD
4. Position: Operational level employee Middle level employee
 Upper level employee (manager)
5. Income per month: Below 600 600-1000 1001-1500 1501-2000
 2001-2500 2501-5000 above 5000

Part Two: 2.1 please, mark “√” in column in which the company follows by using the following likert scales

5= Strongly Agree 4= Agree 3= Undecided 2=Disagree 1=Strongly Disagree

No.	Items on product strategy	5	4	3	2	1
1	The company's customers are satisfied by products (brand).					
2	The products brand differentiates the company's product to other competitors' product.					
3	A company introduces additional items in the same category under the same brand name. like new flavors, forms, colors, package sales etc.					
4	The company uses an existing brand name to launch a product in a new category.					
5	A company introduces additional brand in the same category.					
6	A company launches products in a new category within a new brand.					
7	The products packages are well designed and it creates convenience for the consumer and promotional value for the producer.					
8	Package design decisions are technical and involve comparative strengths, costs of inputs and shapes and its element attract consumer's attention.					
9	The most important factors for package size decisions are the consuming unit and the rate of consumption.					

No.	Items on promotion strategy	5	4	3	2	1
1	The company uses personal selling or face to face communication with middlemen for promoting its product.					
2	The company uses personal selling or face to face communication with final consumer for promoting its product.					
3	The company uses the phone to communicate with middlemen.					
4	The company uses the phone to communicate with final consumer.					
5	The company promotes its products' through public relation.					
6	The company promotes its products' negative and positive side through publicity.					
	Items on pricing strategy	5	4	3	2	1
1	The company publishes discount (price) information for large-volume purchases.					
2	The price charged for the company's product is reasonable.					
3	The price charged is corresponded with the quality of the product.					
	Items on distribution strategy	5	4	3	2	1
1	The company has enough outlets to sell its products.					
2	The customers get the actual amount of the product on request.					

2.2 Please, choose an appropriate answer for the following questions which are related with marketing strategy and marketing environment.

Questions Related to Promotion Strategy

- Do you do advertisement for your business?
 Yes No
- If your answer is yes for the question no. 1, how do you advertise? (you can select more than one)
 Through the media (TV, Radio, Newspaper, Magazines etc) Through the internet
 Through billboards Word of mouth
- How long do you want your advertisements to run?
 One day One week One month
 One year More than one year
- Does the company use sales promotion or short incentive to supplement advertising and facilitate personal selling?
 Yes No

5. If your answer is yes for question No. 4, what types of sales promotion the company uses?

Free coupon

Contest

Discount

Allowance

If there is others (please specify) _____

6. How does the company spend money for advertisement? (you can select more than one)

Percentage of sales

Per unit expenditure (fixed monetary amount)

Affordability (availability of current revenue)

Competitive parity

The research proposal (on the basis of research findings)

The task approach (advertisement goals)

If there is others (please specify) _____

Questions Related to Pricing

1. What is your opinion concerning the price of the product?

Cheap

Affordable

Expensive

Very expensive

2. Which one of the following is/are the company's pricing objective? (you can select more than one)

Current profit maximization

Partial cost recovery

Survival

Maximize quantity

Skim pricing

Quality leadership

Penetration pricing

If there is others (please, specify) _____

3. What pricing method does the company use? (you can select more than one)

Cost plus pricing

Value get return pricing

Psychological pricing

Markup pricing

if there is other (please, specify) _____

3. Please rate each of the factors listed below according to how much they affect a company's marketing strategy

Use 1 to 5 scale, with 1=Very minor, 2=Minor, 3=Neutral, 4= Important, 5=Very important

- Suppliers Customers Market intermediaries
- Competitors Publics
- Company's internal environment (like finance, management, and manufacturing etc)
- Other macro environments (like economic, political, government regulation, culture, Social, technological etc.)

If there is others (please, specify) _____

Part 3: Open Ended Question

1. What types of products does the company offer? _____

2. Does the company export its products? Yes No

3. If your answer is "Yes", for the question number 2, what types of product that the company exports? _____

4. Does the company adopt marketing strategy for each PLC?, If your answer is "Yes", please list down marketing strategies in each PLC stages? _____

Appendix B
Interview guides
Instruction

The purpose of interview is to assess product strategy, pricing strategy and marketing environment of the company. Since your contribution in providing the required ideas for the question is very important, you are required to give your answers genuinely.

1. Does the company produce only bed sheets, terry towels, mattress cover, market lining? And why did majority of employees list only a few products?
2. What types of pricing strategies does the company follow?
3. Are wholesalers only contracting with your company?
4. Why did only a few respondents answer either public affects the company's marketing strategy or not?

Declaration

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

Arega Enbiale

Candidates Signature