



St. MARY'S UNIVERSITY
SCHOOL OF GRADUSTE STUDIES

**ASSESSMENT OF COFFEE EXPORT MARKETING STRATEGY
AND PRACTICE IN ETHIOPIAN TRADING BUSINESS
CORPORATION**

By
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JULY, 2017
ADDIS ABABA, ETHIOPIA

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CORPORATION**

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**SCHOOL OF GRADUATE STUDIES
FACILITY OF BUSINESS AND ECONOMICS**

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ENDORSEMENT

I confirm that the thesis entitled “Assessment of Coffee Export Marketing strategy and Practice in Ethiopian Trading Business Corporations” has been supervised by me and forwarded for a defense examination.

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DECLARATION

I, the undersigned declare that this thesis entitled “Assessment of Coffee Marketing Strategy and Practice in Ethiopian Trading Business Corporation, is my original work prepared under the guidance of Alula Tessema (PhD) .All sources of materials used for the thesis have been acknowledged. I further confirm that this study has not been submitted in part or full for any degree completion to any University or Collage.

TIZITA ENDESHAW

Signature_____

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LIST OF ABBREVIATIONS

AGP-AADE:	Agribusiness and Market Development
ADLI :	Agricultural Development Led Industrialization
ATO :	Agricultural Trade Office
COMESA:	Common Market for Eastern and South Africa
EGTE :	Ethiopian Grain Trade Enterprise
ECX:	Ethiopia Commodity Exchange
FAO :	Food and agriculture Organized
FDRE :	Federal Democratic Republic of Ethiopia
GDP :	Gross Domestic Product
GOE:	Government of Ethiopia
IACO:	Inter Africa coffee Organization
ICO :	International Coffee Organization
MoARD:	Ministry of agriculture and Rural Development
USAID:	United States Agency for international Development
USDA:	United State Department of Agriculture

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ABSTRACT

The study has been designed to Coffee Export Marketing Strategy and Practice in Ethiopia Trading Business Corporation. Both primary and secondary data collection instruments were used to collect data. Closed ended and open ended questionnaires along with interviews were used for the purpose of data collection. The selection of the respondents were carried out by using census sampling research method because no other departments were concerned about marketing strategies and the researcher took all the respondents of marketing staffs and planning as a total population of the study, The collected data were analyzed and interpreted using SPSS analytical software.

Ethiopia Trading Business Corporation provides quality export coffee with affordable prices by promoting its products by using high and effective advertising mechanisms with the determination of the buyers' accessibility to the products. Even though the marketing strategies of the company are somewhat effectively practiced, there are some problems that the company faced with implementing it. These are the capability of the company to compete in the export international market is becoming difficult due to the structure of the company it have high member of the employee not enable the company to have cost advantage, and complex marketing challenge, limited access to market information, communication problem and poor planning.

Key words: Marketing Strategy, Coffee, export

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

World consumption of coffees is expected to increase by 0.8 percent from 2015/16 to 2016/17. USDA (2004) Following this increases in world demand for coffee, volume exported by different countries is expanding. For instance in 2015/16, Brazil stands first for world coffee exports, which account for about 28 percent of the total exports, followed by Vietnam, Colombia, Indonesia and Honduras taking 24, 10, 7, and 4 percent of world exports consequently . In 2015/16, Ethiopia took ninth place according to this data, which accounted for about 3.12 percent of world total with export of 3520 thousand bags. USDA (2004).

On the other hand, Ethiopia which is considered as coffee's birthplace produces high-quality Arabica coffee for both the domestic and international markets. Coffee plays a major role in Ethiopia's economy and is deeply intertwined with cultural traditions and day-to-day living. According to (Tefera, 2016) there are an estimated 15 million people, or approximately 15 percent of the country's total population, who derive their livelihoods from coffee. Annually, an average of about 150,000 tons of coffee is produced in Ethiopia and the livelihood of about 15 million people depends directly or indirectly on the production, processing and export of coffee from Ethiopia. In contrast to other coffee producing countries, the Ethiopian coffee production is dominated by small holder agriculture, contributing with more than 90% of total harvest (Dercon, 2002). A special feature of Ethiopian coffee production is that domestic consumption is considerably high, as coffee is traditional beverage throughout the country, FAO estimates that about 50% of total harvest is used domestically, and that some farmers grow coffee only for home consumption (Dercon, 2002). Ethiopia is the single largest African producer of coffee with about half of its production going for export. And, the country is the world's third largest producer after Brazil and Colombia, accounting for about 7.5 percent of global coffee production.

Coffee is Ethiopia's most important cash crop, with more than 15 million people directly or indirectly depending on it for their livelihoods. It plays a central role in Ethiopia's economy and as the country's leading export is an important source of foreign exchange. In addition to its economic importance, coffee is deeply intertwined in the country's social, cultural and historical identity. On the world stage, Ethiopia account for 4.5 percent of global coffee production. Ethiopia's contribute of the world coffee market is 4.3 % in 2015/2016. (Tefera, 2016).

The coffee bean export business reserved for Ethiopia citizens. Out of the total number of coffee exporting companies, 93 percent are private companies, 5% are coffee growing farmers'

cooperatives, and 2 % are governmental enterprise. The extent to which cooperatives and private, including previous Ethiopian Grain Trade Enterprise (EGTE) now named Ethiopia Trading Business Corporation and state farms, play a role in coffee exports from Ethiopia.

The Ethiopian Trading Businesses Corporation is the public enterprise established 22nd December, 2015 by the council of ministers. The corporation has consolidated the former four business Enterprises know as Ethiopian Grain Trade Enterprise, Ethiopian Trading Enterprise, Ethiopian Procurement Service Enterprise and Ethiopian Fruits and Vegetables Sh.C(Etfruit). One of the Business Units under the corporation is Grain & Coffee Trading business Unit which it has been engaged in exporting coffee, oilseeds, and pulses, and local grain market stabilization. The unit serves the interest of Ethiopian coffee producer and coffee buyers by exporting coffee. It buys coffee from Ethiopian Commodity Exchange and process the coffee for exporting Arabica Green Coffee which is yirgaceffe Grade 2, Sidama Grade 2/4, Harar Grade 4/5, Lekempti Grade 4/5 and Limmu Grade 2 high land grown coffee and major type of commercial coffee to the world market. the unit owned modern coffee cleaning machine that can polish ,sort and clean 90 metric tons of coffee per day ,warehouse that can accommodate 820,000 metric tons of grain and coffee and bulking machine that can pack 300- 320 kg coffee per hour. By using all this capacity the Grain & Coffee Trading business Unit export coffee in 2015/16 year 53,840 quintal which is take 30 % share out of the total exported commodity in the business unit. (Egte, 2016)

Given its significant contribution in the national export earning, the unit serves the interest of Ethiopian coffee producer and coffee buyers by exporting coffee studying to assess coffee marketing strategy and practice in Ethiopian Trading Business Corporation importance for decision maker, policy makers and future research undertaking.

1.2 Statement of the Problem

Overall, we note an increase in the number of exporters and increasing diversity of players (e.g. private sector, cooperatives, public) in the export market. However, the shares of income-bent firms are large, possibly because of the expertise and reputation required to gain market share in the coffee export business, as well as problematic access to trade credit for new entrant firms, especially (World Bank, 2014).

Even more, high performing exporters have a “desire to capitalize on the firm’s competitive advantages”. Therefore, exporting companies will design their marketing strategy in order to build sustainable competitive advantages. A useful approach marketing strategy is to understand the performance differences between exporters, i.e. why are some firms more successful than the others in their export operations. Is it because of different strategies or managerial attitudes? Katsikeas (2000) identified two main groups of explanatory variables of export performance: background variables and intervening variables. Intervening variables are those that have a direct influence on export performance, such as the company’s targeting and marketing strategy. Relatively little empirical research has been developed to identify which elements of the marketing strategy are most associated with export performance. The key decision companies have to make in terms of their export marketing strategy is the level of standardization or adaptation of each element to the local conditions (Douglas and Craig, 1989; An appropriate level of market adaptation is a key determinant of market performance.

Ethiopia has shown a significant growth in the exports of coffee over the last years. Although the importance of supply side factors like production cost and climatic conditions, the international market channeling factors of coffee may give insight for future policy implications. For example, it accounts for 55 percent of the export revenue and contributes over 25 percent of GNP (Ashenafi 2006). Given its significant contribution in the national export earning, the unit try to serves the interest of Ethiopian coffee producer and coffee buyers by exporting coffee, oilseed & pulses by developing marketing strategy plan for five years to be competitive in the exporting sector. By applying the marketing plan the unit export oil seeds & pulses by volume 125,590 quintal and coffee 53,848 quintal in 2015/16 year which is the coffee take 30 percent of the total exported by the business unit.

Having the above information, Even though there is a remarkable increase in the export activity in the business unit it is not as intended for coffee and data shows that the export growth rate of the unit low as compared to other commodity in the business unit and other private exporter which

have similar capacity and other features. So in considering those gaps, this paper tries to answer this specific question by analyzing the descriptive value of marketing strategy elements at once.

1.3 Research Question

This study attempted to assess the problem associated with coffee marketing strategy and practice in Ethiopian trading business corporation. The following research question formulated in line with the above problem:-

- How does the marketing mix element designed for marketing strategy in order to fulfill customer requirements?
- What are actual practices for coffee market strategically targeting, segmenting, targeting and positioning its product to win its competitors?
- What are the major problems in implementing the marketing strategies?
- What kind of practice is used in evaluating and reviewing the strategic document reviewing?

1.4 Objectives of the Study

1.4.1 General Objective

The general objective of the study to assess coffee marketing strategy and practices of the Ethiopian trading Business and to identify whether it is aligned with the target marketing, marketing mix and corporate mission to satisfy customer requirements.

1.4.2 Specific Objectives

- To identify the company's marketing mix strategies that appeal to the target market.
- To investigate how the company strategically positioning and segmenting the market to achieve its objectives.
- To explore the various factors to be considered in implementing marketing strategy of the Company.
- To investigate the practical used in evaluating and reviewing the strategic marketing document

1.5 Definition of Key Terms

Marketing Strategy: - The marketing logic by which the companies hope to create customer value and achieves profitable customer relationship.(Kotler 2012)

Targeting Marketing is the identification of the market segments that are identified as being the most likely purchasers of the company's product(wallyey,A,2010,pp 76)

Market segmentation is the process of dividing the total market for a particular product category in to relative homogenous segments or groups.(Ferrell and Hartline,2010,pp 167)

Positioning is the strategy that enable a firm to competitively and strongly place its brand in the customers mind such that it becomes the most preferred brand.(saxena,2002,pp181)

Coffee is a brewed drink prepared from roasted coffee beans, which are the seeds of berries from the Coffea plant.

Export is a function of international trade where by goods produces in one country are shipped to another country for future sale or trade.

1.6 Significant of the Study

The significant of the study will serve as an input for the organizations to re-examine the coffee marketing strategy and practices in the organizations towards improving the performance of the its practice to ward coffee market and achieving organization objectives.. The study was focused on how marketing mix, corporate, mission, and target marketing used in order to enhance, maintain and attract customers and to identify how those tools should affect their marketing strategy and under taking such study is very crucial for any business entity so as to shape its marketing strategy. The study was worth doing because it was helped the company to look at its problems, to take in to the alternative consideration, and it will help as a source of reference and a stepping stone for those researchers who want to make further study on the area afterwards.

1.7 Scope of the Study

The study conducted on the organization's side which is the coffee marketing strategy and practices of the corporation from employees and management perspective and uncovered other stakeholders, customers and competitors intermediaries, and also the study will be delimited to the data obtained from the rates using questionnaires and interviews in the Addis Ababa branch only while further study of other regions in the country would have a significant effect on the comprehensiveness of the study.

1.8 Limitation of the Study

The study conducted on the organization's side which is the coffee marketing strategy and practices of the corporation from employees and management perspective and uncovered other stakeholders, customers and competitors. As a result the input from customer will not incorporate in this research.

In addition in this study only 4P's of marketing mixes aligned with STP are taken as a variable of marketing strategies, there are additional other 3P's of marketing mixes (People, process and physical evidence) that may be applicable in the service marketing and well-established business companies used to define their marketing strategy. Besides to this, with in marketing strategy practices the remaining 3p's are not considered in this study. Thus, other researcher may consider these issues for further studies.

1.9 Organization of the Study

The research project organized into six chapters: Chapter one contained the introduction part dealing with research problems, objectives, and scope and significant of the study. The second chapter is discussed the review of related literatures about the subject matter. In chapter three research methodologies is discussed, how to obtain the important information and the appropriate tools to collect the data. Four focuses on Data Analysis and Discussions the analysis of the subject matter to investigate and evaluate the problems. The chapter five is discussion Summary, Conclusion and Recommendations part. Finally, chapters six have covered the conclusions of the findings and forwards recommendations.

CHAPTER TWO: REVIEW OF RELATED LITERATURE

2.1 Theoretical Literature Review

2.1.1 Marketing Strategy Overview

Marketing is the process of planning production, pricing, promotion, and distribution of ideas, goods, and services to create exchanges that satisfy individual and organizational goals, cited in Kotler, 2003).

When we start marketing strategy, the same term apply to the words “objective” and “strategy”. The marketing objectives are the aims, the goal to which the entire marketing effort of the organization is directed. Marketing strategy therefore refers to the means by which the marketing objectives will be achieved. The same short hand will also apply; the marketing objectives must begin with the word “To...” and the marketing strategies with the word “By” (Paul Fifield 1994,p.174).

While all marketers do not agree on a common definition of marketing strategy, the term generally refers to a company plan that allocates resources in ways to generate profits by positioning products or services and targeting specific consumer groups. Marketing strategy focuses on long term company objectives and involves planning marketing programs so that they help a company realize its goals. Companies rely on marketing strategies for established product lines or services as well as for new products and services. Marketing strategy determines the choice of target market segments, positioning, marketing mix, and allocation of resources. Marketing strategy encompasses selecting and analyzing the target market(s) and creating and maintaining an appropriate marketing mix that satisfies the target market and company. (Paul Fifield 1994).

According to McDonld, Marketing strategies are the means by which marketing objectives will be achieved and are generally concerned with the four major elements of the marketing mixes; product, price, promotion and place (Malcolm McDonald and Ian Dunbar,2007). In the word of Kotler, marketing strategy is the marketing of logic by which the business unit expects achieve its marketing objectives. Marketing strategy consists of marketing decisions on the business’s marketing expenditure, marketing mix and allocations in relation to expected environmental and competitive conditions (Philip Kotler, 2007).

2.1.2 Marketing Strategy Development

After testing and selecting a product concept for development, the new product Manager must draft a three part preliminary marketing strategy plan for introducing the new product into the market. The first part will describe the target market's size, structure, and behavior; the planned product positioning; and the sales, market share, and profit goals sought in the first few years. The second part will outline the planned price, distribution strategy, and marketing budget for the first year. The third part will describe the long run sales, profit goals, and marketing mix strategy over time. This plan forms the basis for the business analysis that is conducted before management makes a final decision on the new product (Ranchhod A., 2007).

2.1.3 Elements of Marketing Strategy

In order to achieve the marketing objectives, we need to have a strategy that includes different elements. Here there are four major elements that are used in the literature to explain the detail of marketing strategy. These are the Target market, Segmentation, Positioning and the marketing mixes (Roger Brooks bank, 1994, pp.1014.).

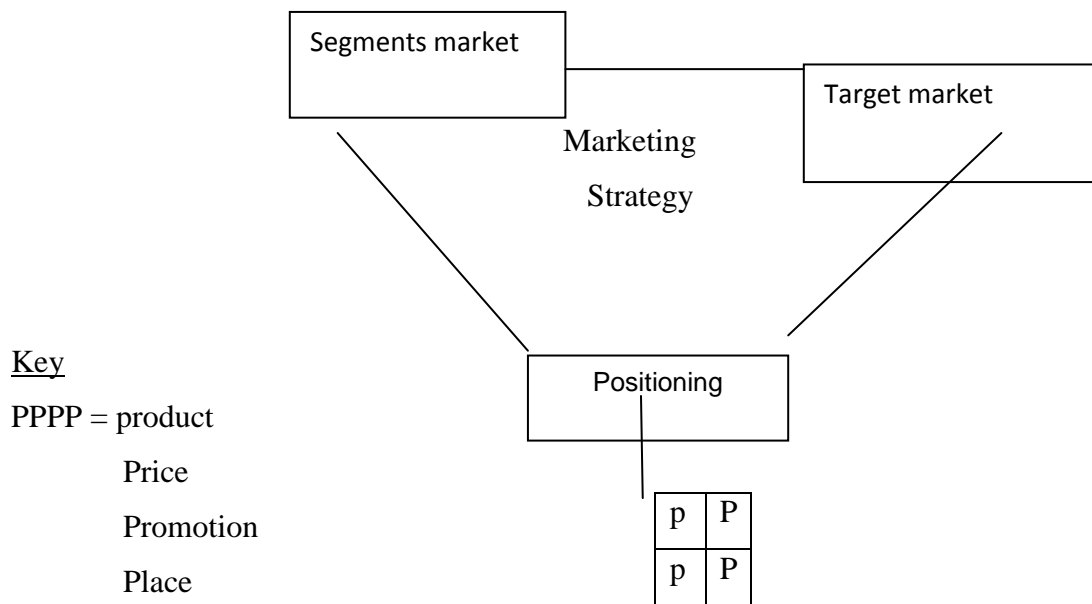


Figure 1: Framework of Marketing Strategy

Source: Adopted from Roger Brooks bank, 1994, pp.1014.

2.2 Theories on International Trade and Marketing Strategy

The content analysis of numerous studies presented by scientists of different countries shows that there are still many theoretical and practical problems to be solved in the area of development of export marketing, enhancements and promotion. Different authors had presented different strategy and marketing strategy determination as well as the strategy factors, elements and driving forces of trade internationalization. For example, Ansoff(1976) stressed mutual interdependence of product and market (Ansoff's matrix). A.Branch (1994) designated four main factors, that must be appraised in market selection: market potential, common market and promotion factor, market accessibility and capital payback. M.Czinkota(1994) stresses out the need for exporting goods to be modified in accordance with foreign market requirements: characteristics of market, and product attributes. P.Ghemawat(1991) suggest model of seven forces(market force, competitors', organization by itself, buyer full satisfaction, learning authorization and leadership). He also stresses six main entry barriers to be overcome. S.Majoro (1993) refers to 4 factors that must be taken in to account while preparing strategy for entry in to foreign market: Objectives, market demands, resources available, and product. H.Chee and R.Harries(1994) suggested to pay most of attentions to level of risk and market control. Observation of strategies made by R.Casas(1999), contribution, methods on measurements in marketing research suggested by V.Pranulis(1998), contribution of R.Virvylyte(2000) on market research and A.Vasillauskas (2004) in strategic planning and had a positive impact on the research.

The evolution of international trade theories is counted from the end of seventeen century.

The significant input to research of problem was made by Adam Smith and David Ricardo. Plenty of books have been written on international trade and dozens of definitions of international trade has been provided. For example Snieska, V.Baumiliene and D.Bernatonyte define international trade as selling – buying process which is running in different countries among buyers and sellers or intermediaries. The assumptions of international trade according to them are such: different production condition, different productivity level, priorities, aptitudes, dispositions, predilections for product from abroad.(Bernatonyte, D, 2004). Estimating new conditions on the edge of new millennium, M.Porter(1998) stress out that the way a competitors can avoid losses in variety with competitors is low cost suppliers or product differentiation that grant opportunity to sell product at high prices.

According to Ricky W.Griffin and Michale W.Pustay international trade and cooperation is a tricky complex of various factors, action and processes and its interaction covering marketing

,marketing research ,product development and quality production packaging, logistics, distribution advertising and selling (Griffin.R,pustay M.,2003).

The problem that is that every internal or external factor and their interaction depends on the process in global market and policy of the country. The requirements for production in different market, at different time may differ significantly. In solving those difficulties, every enterprise faces specific not investigated enough problems requiring much time and resources.

By the way in which enterprises are trying to enter international market two classes of them could be identified: proactive and reactive. Proactive firms want to undertake an international trade actions by itself while reactive are forced to do that by circumstances. (vijeikis,J.Vijeikiene,B.,2003).Anyway, economic benefit as a natural objective of every enterprise as well as any country is to gain additional values from international trade. Thus objectives and tasks are reflected in Industrial and trade policies of the enterprise and countries.

Policy and some other measures for enhancement of export and for safeguarding domestic market are still used in many countries making barriers for market entry.

One of the trade restrictive factors in free international trade is dumping. According to Philip Kotler dumping is most formidable quotation form. By the means of those instrumentalities foreign trade regulation is possible though pro actionist policy is failing slowly according to WTO agreement (kotler, ph, 2001).

In gaining advantage in international trade the problem is to find out the most effective ratio among the value that gets the customer from the product and its price. Each successful enterprise can tell about its added value strategy to win the clients satisfaction.

For choosing strategies for market entering a few matrixes' are known as as: 4ps (product, price, place, promotion), 5ps (plan, ploy, position, pattern, perspective),suggested by H.mintzberg, 6ps, (5ps,mentioned with "people" in addition, value chain and diamond) suggested by M.porter.

International market research ought to take in to account all additional client value factors and factors influencing market research. In composing marketing export promotion strategies' and programmers' the marketing research can be defined as the systematic gathering, recording, analysis, and interpretation of data on problems relating to the marketing of goods and services.

Knowledge of country conditions, managerial experience, and skill in managing a multi-country production remain an important factor of marketing research. Very general guidelines to help in thinking about competitive strategies suggested by Malcolm McDonalds(1993)are: known the

market on which you are fighting, know the resources of your enemies, do something with determination that the competitors aren't expecting.

(Grosse,R,Kujawa,D1992) suggest the OPAR objectives, planning, action, review)model for helping the researcher ensure a systematic approach to steps of market research, (Grosse,R,Kujawa,D,1992)has defined international marketing research carried out in a country other than that of sponsor, such an information systems would have to identify and analyze potential market. (Hill, W, 1994) stressed out that uncertainty in international activities and the lack of market knowledge is the greatest obstacle to the trade in foreign market. There are primary three functions to be carried out: scan international market to identify and analyzed the opportunities; build marketing information systems to monitor environmental of marketing strategies. Though those general guidelines are to be implanted it is necessary to analyses the market and competitors in detail. Marketing research and strategic marketing planning meets such barriers ass confusion of strategic and operational goals, mentality of chief mangers, lack of knowledge and skill, etc

2.3 Coffee Marketing Strategy in Ethiopia

According to Abu Tefera, (2016) assessment of Commodity and trade, the level of development of the economy, resource endowments, policies and development strategies pursued are some of the determining factors of the export structure of a country. Being underdeveloped economy that heavily depends on agriculture, the structure of Ethiopian export is dominated by agricultural products which used to account for more than 90% over a long period except the last two years when the export share of the industrial sector showed relative increases. The shares of export earnings generated by the industrial sector were 15.2% in 1999/2000 and 26.5% in 2000/01. This is attributed from improved industrial activities, besides the decline of world prices for primary commodities, specifically coffee. Coffee has been the dominant export commodity for the last five decades making-up on average 55-60% of total exports.

2.3.1 Features of Ethiopia's Export Strategy

The Ethiopian Development Strategy has twin objectives. The first one is to promote rapid economic growth with a stable macro-economic environment. The second one is to enhance the integration of the Ethiopian economy with the world economy. In this endeavor, due emphasis has been given to the promotion of exports. Accordingly, an export development strategy has been devised to increase and diversify the country's exports. Ethiopia's long term development strategy is based on Agricultural Development Led Industrialization (ADLI). This envisages that over a

period of two decades economic growth in Ethiopia will be led by agriculture. The implication is that the pace of economic growth will be set by agriculture directly through its contribution to growth of GDP, and indirectly as a market for the rest of the economy.

For the last three years, the GOE has been considering the creation of a specialized state-run institution, like the state-run Sugar Corporation, to provide dedicated leadership and technical support to the coffee value chain. However, at this date, there are no announced plans or timeline for standing up such an entity.

There are no specific governmental policies related to coffee production, though the GOE does support its production through various extension services (e.g. seedlings, research, etc.). Separately, there are market-related regulations that dictate how coffee is bought and sold in the marketplace. Several examples include: the prohibition on selling exportable grade coffee on the local market, even when the local market price is better than the international price; special business licenses are required for wholesaling, exporting, and roasting; storage limits; and the coffee business is exclusively limited to Ethiopian-owned companies.

2.3.2 Marketing

Coffee export sales are generally done through three consecutive channels: local, ECX, and the international market. At the local level, coffee farmers sell their coffee to traders or cooperatives whereupon most of it ends up going to ECX for eventual export. In addition, a small percentage of exportable coffee bypasses the ECX and is sold directly to foreign buyers. However, this direct sales option is only available to cooperative unions and large commercial operations.

In 2008, the GOE established the ECX to handle the marketing of agricultural commodities like coffee, sesame, and beans. The main purpose for establishing ECX was to stabilize prices, eliminate the huge number of middlemen involved in coffee sales and distribution, and to enable coffee farmers to benefit from prevailing market prices. The ECX bidding system is an ‘open cry out’ system where sellers and buyers meet on an open trading floor to negotiate and finalize the sales deals. Nearly all coffee is sold on the ECX floor either directly through organized coffee producer cooperatives or middle men. ECX also conducts coffee grading

In addition to its support to boost coffee production, USAID's Agricultural Growth Program Agribusiness and Market Development (AGP-AMDe) coffee value-chain project is also focused on marketing Ethiopian coffee abroad with the aim of achieving the government's GTP export targets. For example, with the support of the AMDe program, GOE officials, co-operative leaders, and Ethiopian exporters participated in the April '15 Specialty Coffee Association of America Expo where Ethiopia was able to showcase its coffee as the 'portrait country' and connect with prospective international buyers. Aside from this international event, Ethiopia has been selected as the host of the 4th World Coffee Conference which will be held in conjunction with the International Coffee Council in March 2016. This will mark the first time the WCC is held in Africa.

Another area where USAID is providing support, in cooperation with the private sector and ECX is building a functional traceability system to trace back coffee to where it is washed and hulled. The installation of such system is critical to meet the demands for international coffee buyers. In addition, it will help facilitate the marketing of organic-certified coffee which is currently a challenge since the identity of the coffee cannot currently be maintained when it reaches ECX.

Ethiopian Arabica coffee exports account for 25-30% of the region's total export revenue. Ethiopia accounts for 29% of the African coffee trade. Arabica coffee is a high-quality coffee in the world and the developed countries are regular importers of the Ethiopian Arabica coffee. Germany, Italy, Saudi Arabia, the United Kingdom, the United States of America, Belgium, Spain, France and Sudan are the major importers of the Ethiopian Arabica coffee.

The agriculture based Ethiopian economy is highly dependent on coffee since it accounts for more than 25% of the GNP and 65% foreign currency of all export earnings (MoARD, 2009). Coffee production in Ethiopia is the driving force since over a million coffee farming households and about 25% of the total population of the country is dependent on production, processing, distribution & export of coffee (World Bank, 2009).

Currently coffee generates less than 35 percent of the total export earnings. For the last several years its relative predominance in the export sector is decreasing because of increased contribution of other agricultural products like horticulture and floriculture. Consequently, only a little over 26% percent of the total export earnings is contributed by coffee during the year of 2011 (FDRE, 2011). This is the lowest share earned from export of coffee in the

history of economy of the country and the trend for the last several years shows that the share of coffee in foreign exchange earnings will further decline. Coffee also contributes for sizeable amount of government tax revenue. It seems that Ethiopia will, to some certain extent, continue to rely on this item for its export earnings in the coming future.

The current government of Ethiopia encourages private investment in the coffee industry to promote a market economy including liberalization of the coffee sector, lifting price ceiling of any kind, streamlining of export licensing procedures, removal of price control, currency devaluation, foreign exchange auctioning, creation of relatively better investment environment through new investment code and regulations , launching of new export promotion strategy, suspending all the export taxes, the recent establishment of the Ethiopian Commodities Marketing Authority and the Ethiopian Commodity Exchange (ECX). This was undertaken as a means of increasing producer prices, Thereby encouraging production, reducing smuggling and maximizing export earnings. (Gebreyesus, 2014)

Overview of Coffee Buying System

Coffee may be purchased in Ethiopia through one of three main channels: from exporters from of exporters and private estates. Exporters generally purchase their coffee through the Ethiopian Commodities Exchange (ECX). Private estates that hold their own export license may sell and export directly to international buyers. Coffee lots of Ethiopia's many primary cooperatives are generally channeled through one of the four cooperative unions.

Exporter/ECX

The Ethiopian Commodities Exchange incorporates a trading platform for coffee and as cooperative unions and directly from private estates. Addendum 2 contains a comprehensive list the name implies, it deals in several commodities, not just coffee. The basic function of the ECX is to provide a centralized, standardizing body where agricultural goods and futures can be traded. The ECX was originally designed with commodities like wheat, maize, and haricot beans in mind, with an eye towards helping to stabilize prices and production, get better prices for farmers, and help the agriculture sector function more efficiently.

Coffee was added as one of the crops under the umbrella of the ECX in late 2008, replacing the old "auction system" in Ethiopia. The auction system had been often criticized for being unfair and for leading to misrepresentation and price manipulation of various coffees.

All coffee that enters the ECX is given a grade and a geographical designation. Grades are based on physical inspection of lots and on cupping. 1 is the highest grade, and 9 is the lowest. Geographical designations are given at the “sub-regional” level, more specific than large regions like Harrar or Sidama, but less specific than the particular farm, village or woreda level. Once coffee is graded, it is stored at an ECX warehouse to prevent tampering, and coffee is bid on and sold to exporters.

Starting in 2010, under the purview of the ECX, there is also an auction called the Direct Specialty Trade auction, or DST. This auction sells top-quality coffees through a special DST auction platform, but while maintaining the traceability of the lots. So far, very little coffee is sold this way, but it is an option which may grow more influential in the future.

Cooperative Unions

Most farmers in Ethiopia hold and work very small parcels of land. Over the years, farmers (with the help of the government) have formed local cooperatives and pool their coffee to create lots large enough for export. Usually these primary cooperatives have their own washing or drying station, though sometimes they use that of someone else. Coffees produced at the cooperative level are not required to pass through ECX. The co-ops, representing the hands that farmed the coffee, are considered owners of their own product, unlike commercial exporters who buy and sell coffee. However, cooperatives generally work through a cooperative union, which functions as an intermediary.

2.3.3 Determinants of Coffee Export Performance in Ethiopia

The instabilities in export supply are usually defined in terms of short run deviation around a trend. Since export earning is a product of export supply, instability in export earnings is taken as a function of instability in export supply. Rise and fall in earnings from the export of primary commodities, partly due to instability in export supply, has long been a major cause of concern for primary producing countries. It has been argued that a high degree of instability in export supply would imply large fluctuations in export income of the country in question. Such fluctuations can have a negative effect on the economy of a primary commodity exporting countries. Behrman (1982) has been justified that if there is a large fall in export income, then there could be a shortage of foreign exchange, which limits the capacity to import. It follows that a decline in the imports of capital goods which have an adverse effect on the rate of growth of investment, which in turn will reduce the overall economic growth. That is, as we know, many developing countries are

technologically backward and have poor capacity to produce capital goods which are crucial for their economic development. As the result it makes developing countries to depend on the importation of these goods from the industrialized countries. At times of shortfalls in their foreign exchange earnings as a result of primary commodity export supply fluctuations, their capacity to import will be limited, which in turn means lower investment and there by affects various sectors of the economy through the multiplier.

The Ethiopian export supply of agricultural products has subject to large fluctuations mainly because of the price and non price factors. And the economic growth of the country is too weak to absorb the effect of these exogenous shocks; it is less flexible to deal with both internal and external disturbances. Therefore the instabilities and decline in export of agricultural commodity has led the country to an adverse economic growth and macroeconomic imbalances, such as, budget deficits, balance of payments and debt problems. And there is a need for large foreign exchange reserve in the short run while trade and exchange rate policies reforms would be the long run instruments to reduce the instabilities in the export earnings (Amin, 2001).

Coffee is the major source of foreign currency in Ethiopia and it contributes more than 35% of the total export earnings of the country (MoARD, 2009). However coffee export of the country is instable for instance between the year of 1997 and 2001 export of coffee from the country declines by 9.11% but in contrast from the year of 2007 to 2011 the export supply grows by 4.3% (ICO, 2011). In addition to its fluctuation the growth of coffee export supply in the last two decades (1991-2010) is too low; it grows on average only by 0.041 percent per annum (ICO, 2010).

The empirical result obtained from study of (Tadese Gebreyesus, 2015) indicates that among the price factors, export price and world price of coffee are found to be statistically significant with their respective expected sign that is the supply of coffee export responds positively to the change in real export price of coffee and negatively to world supply of coffee. However, the short run as well as long run effect of both variables to the total export of coffee are inelastic. The other price factor which is included in the model is real exchange rate and its impact to the coffee export of the country is found statistically insignificant.

Regarding the non price factors domestic production of coffee and road network which is proxy for infrastructure, positively and significantly affects the coffee export supply of the country. This is in line with the expectation of the study that is expansion in domestic production of coffee and road sector will have positive effects on coffee export of the country. The short run impact of both variables on coffee export is inelastic where as their long run effect is elastic.

Finally openness to trade which is captured by the percentage share of export and import to GDP is statistically different from zero to explain the variation in supply of coffee exports in the long run. While the short run the effect of openness to trade is statistically insignificant.

The granger causality test is employed to find the direction of causality between the dependent variable of coffee export supply and some of the independent variables. And the empirical result indicated bidirectional causality of coffee exports with domestic coffee production while unidirectional causality of coffee exports supply with real export price as well as world production of coffee.

(Tadese Gebreyesus, 2015)on his study of determinants of Coffee Export Performance in Ethiopia, indicated that domestic coffee production provides a base for the development of coffee exports supply of the country as the result government of Ethiopia should have to increase the quantity of national production of coffee through new plantings and/or intensification (higher productivity).

Development in road sector has a significant and positive impact on coffee export supply of Ethiopia and it is suggested to make the road sector better through Construction of roads to each coffee growing rural area in collaboration with farmers & cooperatives so as to increase export performance of coffee.

The research results highlight several important considerations to developing the coffee market in Ethiopia. An emphasis on stimulating increased washing of coffee by creating the right investment incentives is important, as it leads to significantly higher export prices and, thus, higher foreign exchange earnings for the country. With only a small proportion of the coffee exported sold as washed coffee, there is still room for growth in this area. However, profitability for the setting up of wet mills needs to be carefully assessed, along with the environmental implications of more widespread washing. Improved processing methods, such as ecological pullers which reduce water demand significantly, should be more widely adopted. The growth of washing coffee in Ethiopia may have been impeded because of regulations and difficulties of access to the foreign exchange needed to import wet milling machines. Due to climatic and quality constraints, coffee cherries produced in some areas of Ethiopia are also not suitable for washing, thus limiting the opportunities for spatial growth in wet milling services to coffee producers.

Another aspect to consider is specialty coffee. It has been estimated that between 20 and 30 percent of Ethiopian coffee could qualify as specialty coffee. Therefore, making efforts to increase access by Ethiopian producers to global specialty coffee markets could open export opportunities. Ethiopia could also benefit from increasing its branding of coffee, extending participation in certification

schemes, and emphasizing trade in traceable coffee products. This is especially important given the growing emphasis in international markets on certification of sustainable coffee production practices. However, as certification is often a costly process that might also limit benefits for producers, setting up cheaper and internationally credible local certification schemes that are advantageous to local producers should be considered. Furthermore, as many of these international certification schemes require collaboration with farmer cooperatives, further capacity building of these cooperatives will be required.

Finally, coffee yields are very low in Ethiopia compared to other countries, and this study highlights some significant opportunities for productivity growth. By increasing support at farm level and training coffee farmers towards higher adoption of improved technologies, such as mulching, pruning, rejuvenation of trees, planting of improved varieties, and modern input use, higher productivity can be achieved. These practices could lead to higher local supply and, therefore, to increased quantities of coffee ex-ported. In addition, efforts should be made with the agricultural research and agricultural extension services to address widespread concerns related to coffee diseases and to support adaptation to and mitigation of climate change as it affects coffee production. These efforts are likely to have major impacts on the coffee sector in Ethiopia.

2.4 Empirical Literature

Coffee is the major source of foreign currency in Ethiopia and it contributes more than 35% of the total export earnings of the country (MoARD, 2009). However coffee export of the country is instable for instance between the year of 1997 and 2001 export of coffee from the country declines by 9.11% but in contrast from the year of 2007 to 2011 the export supply grows by 4.3% (ICO, 2011). In addition to its fluctuation the growth of coffee export supply in the last two decades (1991-2010) is too low; it grows on average only by 0.041 percent per annum (ICO, 2010).

As the result the researcher seeks to examine and analyze the effect of those possible major determinant factors that hinder the growth and the overall performance of coffee export sector and tries to addresses issues that enhance the export growth and to make that growth sustainable, competitive in the international markets and eventually maximize the benefit that could be earned from the coffee sector. The overall success of any strategy to increase coffee export supply will depend on the knowledge of what factors constrain coffee export growth and the responsiveness of exporters to changes in both price and non-price conditions. Accordingly, a better understanding of the determinants of past performance, and the direction and magnitude of the relevant elasticity is desirable. So far some studies have been undertaken in Ethiopia related to the export performance of coffee.

Teshome (2009) study determinants of coffee export supply equation by taking coffee arrival as dependent variable using a time series data. The major finding of his study indicates that world price and producer price of coffee affects coffee export negatively. The impact of rainfall is significant in both short run and long run. However credit access and extension service are insignificant in the long run but significant in the short run. The study also indicates gross domestic product and real exchange rate does not have any impact on the export supply of coffee.

Yoseph (2009) investigated export supply response of coffee in Ethiopia for the years of 1975-2008 by employing Autoregressive Distributive Lag (ARDL) model. world price of coffee affects coffee export positively its export price elasticity was 2.48, while the impact of producer and export price is insignificant in the long run as well as in the short run. The estimated elasticity for domestic supply of coffee, exchange rate and GDP were 1.07, .891 and 1.35 respectively.

Xiang Li (2015) on her study uses company A as an example to analyze the impacts of business strategy on coffee production and the environment. Farmer loan support, as an environmental engagement strategy of company A, is found to impact the decision-making processes of farmers, inducing the production shade-grown Arabica coffee. Integrating environmental sustainability into business strategies links to the stable supply of high-quality Arabica coffee. The strategy benefits both the company and the environment. This study demonstrates that the establishment of a win-win relationship between the corporation and the environment is possible. The business model developed by company A could help to reduce deforestation, CO₂ emissions, and climate change impacts. If all corporations that engage in coffee business integrate environmental sustainability into their business strategies, more farmers would be induced to produce shade-grown Arabica coffee that is healthier to the environment. In doing so, the overall social benefit would increase. Coffee is one of three major beverage crops. Sustainable farming practices link to the health of the environment and the livelihood of people who depend on coffee production to support their families.

To reduce the production of Sun-grown Robusta coffee and to increase the production of environmental friendly shade-grown Arabica coffee, supports by consumers, farmers, corporations, and governments are essential. Besides corporate efforts, further research and policies that are more effective to induce the production of shade-grown Arabica coffee should be designed and analyzed.

Samuel (2012) on his study identified some of the main determinants of agricultural export in Ethiopia for the period 1980-2010. To test empirically the relationship between agricultural export performance and its major selected determinants such as terms of trade, gross domestic product, domestic price, world price, kilometers paved roads and fertilizer input import over a period; co integration and error correction approaches in the regression analysis were used. The results from the co integration and error correction models revealed that all the above listed explanatory variables significantly affected agricultural export performance in the long run except domestic price. In the short run, gross domestic product (GDP) became insignificant and negatives in sign which was unexpected. Domestic price was also insignificant like in the case of long run. However, except these two variables other variables were found to significantly affect the agricultural export performance of the country. On the other hand, out of the variables significantly affected

agricultural export both in the long run and short run; terms of trade, world price, fertilizer input import over a period and kilometers of paved roads affected agricultural export positively.

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.1 Research Approach and Design

The study has adopted descriptive research design by using both qualitative and quantitative to obtain the desired results of the company and to explore detailed description about the coffee marketing strategy and practice of company. In the course of analyzing the problems, both primary and secondary data collection procedures were employed. To achieve this goal, questionnaires, interviews and document reviews were going to be the main tools

Descriptive Research sets out to describe and to interpret what is. It looks at individuals, groups, institutions, methods and materials in order to describe, compare, contrast, classify, analyze and interpret the entities and the events that constitute the various fields of inquiry. It aims to describe the state of affairs as it exists. The methods that come under descriptive research are: survey, Correlation studies, Observation studies and Case studies. The study is a descriptive type of survey method which is concerned with the present situation and attempts to determine the status of the phenomena under investigation. Since this study is intended to critically assess the organization's coffee marketing strategy and practices, data will collect across a population.

3.2 Population and Sampling Design

The target populations of the study are the higher managers and staff of the marketing department in grain/coffee trading unit and planning department. The total number of employees who are working in headquarter marketing department are 48, who are participant that will conduct in the interview. So the questionnaires distribute to all marketing staff in headquarter. The interview forwarded to top management of the company.

The selections of the respondents are carried out by using purposive sampling research method because no other department are concerned about marketing strategies and the sampling procedure is census and the researcher take all the respondents of marketing and planning staffs as a total population of the study. In addition to this, and the data will be collected using qualitative approaches by employing in depth interview with top management

3.3 Instrumentation of Data Collection

In order to gather the data from relevant sources, both primary and secondary data collection instruments are used. The primary data conducted in the form of personal interviews with marketing managers and closed and open-ended questionnaires were distributed to the staff of

marketing and planning department as well as managers. On the part of secondary data, written documents on corporate and marketing strategies revise, different reference books, journal articles, and Internet web sites, from the corporation evaluated. The information obtained by using both instruments was incorporated during data presentation and analysis phase.

The questionnaire part is consist of 2 sections .the first one is the general information section the overall information of the responded; such as the respondent gender, age, educational background, work experiences and position in the organization. The second part is essential information that covers the research question on marketing strategy practices of the company.

The designed questionnaires and interview questions is adopted from different source getting from internet websites on the same topics entitled in different service organization and from the research itself. The variables used in this study are: -Marketing mixes that consist of 4p's product, price, place and promotion, marketing segment, positioning and target marketing.

As Zikmund (2003) describe that, there are four types of measurement scales: nominal, ordinal, interval and ratio scales. A nominal scale, sometimes called categorical scale, is the simplest type but has no intrinsic ordering. An ordinal scale is similar to nominal scale, but the difference between the two is that there is a clear ordering scales. An interval scale is similar ordinal scale, except that the intervals between each level are equally spaced. Ratio scale on the other hand has absolute rather than relative quantities.

Beside these four type of scale, Skeran (2003) explained that there are two categories of attitudes scales :(1) rating scales and (2) ranking scale. Rating scales have several response categories and are used to elicit responses with regards to the object, event, or person studies. Ranking scale ,on the other hand, make comparison between or among objects, events, or person and elicit the preferred choices and ranking among them .

So on case of this research, the researcher will use mixed level of measurement, in the first section of the questionnaires nominal measurement scales were used to measure the general information of respondent. In the second section of the questionnaires rating scale of using a five point liker scales, nominal and ordinal measurement scales were used to measure the intensity of the respondents attitude on marketing strategy practice of the company.

3.4 Method of Data Analysis

The collected data through different techniques was analyzed and interpreted by using both qualitative and quantitative techniques. The data collected by open ended interviews

questionnaires was analyzed qualitatively. Closed ended questionnaires were analyzed quantitatively.

In this study descriptive statistical tool was used in the analysis part to measure the variables. The researcher used SPSS Version 20 software in the analyzing the data. The descriptive statistics utilize based on frequency tables o provide information on demographic variables as well as the research question variables. According to the result of the analysis were interpreted.

3.5 Reliability Test

Reliability tests the consistency and stability of measurement instrument (punch,2003).in the qualitative research component of this research, reliability issue were addressed by carrying out a major a major element analysis and calculating the coefficients of Cronbach's alpha.The result of Cronbach alpha coefficients is portrayed in the following table.

Table 3.1 Reliability Statistics of Cronbach's Alpha

Reliability Statistics	
Cronbach's Alpha	N of Items
0.809	22

There are different methods of reliability test, for this study cronbah's alpha is considered to be suitable. According to reliability statistics, Coronbach's Alpha coefficient is 0.809,which is acceptable based on different literatures. As described by Andy (2006) the value of Cronbach's Alpha around 0.8 is good. The alpha value in this study is around 0.809 and therefore it is good.

3.6 Ethical Consideration

In this study all participant and data collected remain confidential and identities of respondents remain anonymous. Moreover, the privacy of the respondent's s will be respected in reporting of this research. no details of individual involved in this research. Informed consent is a written statements that explained aspects of a study to participant and asks for their voluntary agreements to participate before the study begins Neuman, (2006)In this study, each participant will provides with an information sheet at the beginning of the research questions explaining the purpose of the research prior to each questionnaires and interview. And the research got consent from the participants before the surveys and interview was made.

CHAPTER FOUR: RESULT AND DISUSSIONS

4.1 Introduction

This chapter present the data collected from self-administered questionnaires self- interview questionnaires from marketing staff both, interview with chief officer, managers and data from strategic marketing documents and provided a detailed analysis of the data collected using both qualitative and quantitative approaches. The chapters begin with the analysis of qualitative data collected from marketing staff followed by the analysis of qualitative data gathered from depth interviews together with the findings

The focus of this study mainly on the marketing strategy practice of the company with respect target marketing, marketing segmentation, positioning and marketing mixes (product strategy, price strategy, place strategy and promotion strategy) that constitutes for marketing strategy application.

4.2 Result of Demographic Question

In the study 45 questionnaires were distributed to the respondent and 43 questionnaires were return which consist 96% from the total, two of the respondents 4% failed to return the questionnaires.

Table 4.1 Frequency Distributions of Respondent with respect to their Gender

	Frequency	Percent	Valid Percent	Cumulative Percent
Male	38	88.4	88.4	88.4
Valid Female	5	11.6	11.6	100.0
Total	43	100.0	100.0	

Table 4.1 indicate that the gender allocation of the sample of respondent from the marketing department employees which the research was conducted. As depicted on Table 4.1, 8.4% were male, while the remaining 11.6% comprised of female respondents. This implies that, there is gender disparity sowed in the company.

Table 4.2 Frequency Distributions of Respondent with respect to their Age
Age of the respondent

	Frequency	Percent	Valid Percent	Cumulative Percent
21-35	19	44.2	44.2	44.2
36-50	14	32.6	32.6	76.7
51-65	10	23.3	23.3	100.0
Total	43	100.0	100.0	

According to Table 4.2 the age of majority employees were between 21 and 35 years old that account 44.2%. Employees who were between 36 to 50 years are 32.6% and from 51 to 65 years olds were 23.3%. This indicates that there is potential advantage for working by young employees especially to achieve future objectives of the company's marketing strategy.

Table 4.3 Frequency Distributions of Respondent with respect to their Educational Background

Educational level of the respondent

	Frequency	Percent	Valid Percent	Cumulative Percent
certificate	4	9.3	9.3	9.3
Diplomas				
Valid BA/Bsc	33	76.7	76.7	86.0
MA/Msc	6	14.0	14.0	100.0
Total	43	100.0	100.0	

As shown in table 4.3 the respondent education level is divided into three groups i.e. 9.3% were certificate diploma, 76.7% were first degree holders and the remaining 14% were second degree holders. Here we can say that respondents are educated, this implies that the respondents the company has taken advantage of utilizing its human resource for marketing strategy application and they can give the company a competitive advantage were the competition will exist in the future.

Table 4.4 Distributions of Respondent with respect to their Work Experience

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 2 to 5years	17	39.5	39.5	39.5
5 to 10 years	15	34.9	34.9	74.4
10 to 15 years	5	11.6	11.6	86.0
more than 15 years	6	14.0	14.0	100.0
Total	43	100.0	100.0	

As can be seen in the table 4.4 most of the respondent have been working in the company for five and above longer years experience show that there is a relatively lower employee turnover as a result company reduce cost of hiring new employee and saves time .as a result the company can achieves its objective and can maximize its profit.

Table 4.5 Frequency Distributions of Respondent with respect to their Position

Position	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Senior Manager	4	9.3	9.3	9.3
Manager	3	7.0	7.0	16.3
Staff	36	83.7	83.7	100.0
Total	43	100.0	100.0	

According to table 4.5 majority of the respondent were staff levels which are 83.7% senior manager and manger represent 9.3% and 7% respectively.

4.3 Result and Discussions of the Research Questions

Table 4.6 Opinion of Employees towards on Marketing Mix Strategy of the Business Unit.

	Frequency	Percent	Valid Percent	Cumulative Percent
Product	5	11.6	11.9	41.9
Price	12	27.9	27.9	69.8
promotion	5	11.6	11.6	81.4
Valid distribution	3	7.0	7.0	88.4
All the above	18	41.9	41.9	100.0
Total	43	100.0	100.0	

Marketing Mix deals with the way in which a business product, price, distribution to market and sell its product and service. As indicate from the above table 4.6 majority of the respondent which is 41.9% of the commented that the company uses all 4Ps of marketing mix element.11.6% of the replies the company use product and remaining 27.9% the company uses price and distribution.

The above response implies that the company use 4ps marketing mix element for the purpose of marketing strategy implementation. And it shows that company using for achieving marketing. Target in terms of sales, profit and customer satisfaction. Additionally these market mix represent the company's view of the marketing tools for influencing the buyer.

Table 4.7 Employee response on Customer Primary reason for Buying the Export Coffee

	Frequency	Percent	Valid Percent	Cumulative Percent
Quality of Product	15	34.9	34.9	34.9
Proximity of Supply	10	23.3	23.3	58.1
Lower Price than others	4	9.3	9.3	67.4
Effective promotion	2	4.7	4.7	72.1
Customer Preferences	12	27.9	27.9	100.0
Total	43	100.0	100.0	

As indicate on table 4.7 majority of the respondent which account 34.9% implies that the primary reason for buying Ethiopia trading business corporation export coffee are because of the quality of the product ,the least number of the respondent which account 4.7% answer that the customer primary reason for buying company coffee are through promotion. Coffee business have strong competition on this environment, the result indicate that the company preferred by its customer by is coffee quality and proximity of supply.

Table 4.8 Employees opinion about the Current Coffee Quality of the Business Unit.

	Frequency	Percent	Valid Percent	Cumulative Percent
very good	17	40.5	40.5	40.5
Good	19	45.2	45.2	85.7
very poor	6	14.3	14.3	100.0
Total	42	100.0	100.0	

Coffee quality is very competitive issue and constantly changing to meet changing customer demand. As table 4.8 show majority of the respondent replies that the company coffee export quality rate as good specifically 40.5% of the respondent said that the company export coffee quality is very good, 14.3% said that very poor. Again 45.2% of the respondent said good. The analysis implies that company satisfies their customer requirements at medium level and its need to examine the quality of coffee based on the customer requirement.

Table 4.9 Employee Opinion concerning the Price of the Export Coffee of the Business Unit

	Frequency	Percent	Valid Percent	Cumulative Percent
Cheap	2	4.8	4.8	4.8
Affordable	27	64.3	64.3	69.0
Expensive	13	31.0	31.0	100.0
Total	42	100.0	100.0	

As illustrate on table 4.9, 64.3% of the respondent replies that price of the export coffee of a company are expensive and 31% and 4.8% of the respondent replies affordable and cheap respectively.

From the above result it implies that the company pricing strategy is reasonable and affordable so that most customers can handle the pricing set up of the company. On contemporary a company marketing strategy document doesn't show how to set the pricing method and what factors considered in setting pricing strategy of the company.

Table4.10 Employees response on Factors Considering in Setting Pricing Strategy of Business Unit

	Frequency	Percent	Valid Percent	Cumulative Percent
product value	12	27.9	27.9	27.9
Cost	12	27.9	27.9	55.8
Perceived Value	6	14.0	14.0	69.8
Economic Condition	2	4.7	4.7	74.4
Marketing Objective	8	18.6	18.6	93.0
Competitor price	3	7.0	7.0	100.0
Total	43	100.0	100.0	

As indicate on table 4.10 the respondent replies that the key factor considered in setting pricing strategy is cost and product value both are take 27.9 % of the respondent. Marketing objective account 18.6%. Percive value and economic condition are considered 14% and 4.7% respectively. The above analysis implies that the cost and product value the major factor considering setting price.

Table 4.11 Employees response on Availability and Accessibility of Export Coffee of the Business Unit.

	Frequency	Percent	Valid Percent	Cumulative Percent
very good	18	42.9	42.9	42.9
Good	13	31.0	31.0	73.8
Fair	9	21.4	21.4	95.2
Poor	2	4.8	4.8	100.0
Total	42	100.0	100.0	

The majority of the respondent answer that the availability and accessibility of coffee are very good and good which 42.9% and 31.0% respectively.21.4% of the respondent replies that the company product and service availability and accessibility are fair .the remaining 2% of the respondent said that the company product availability and accessibility are poor.

The result show the degree to which the company coffee are availability to as many people as possible so that the company distribution system are very good and determine the product marketing presence and buys accessibility to the product which means it has a good potential for the store.

Table 4.12 Employee opinion on Advertising Strategy of the Business Unit.

	Frequency	Percent	Valid Percent	Cumulative Percent
Free Sample	13	30.2	30.2	30.2
Internet	7	16.3	16.3	46.5
Billboard	5	11.6	11.6	58.1
Bazaar & exhibition	18	41.9	41.9	100.0
Total	43	100.0	100.0	

As shown on table 4.13 the majority of the respondent which account 41.9% replies that Bazaar & exhibition next to that free sample take 30.2%.

From the above point we can conclude that best advertising strategy practices way of this implies that the company way of advertising means is limited on the above strategy .More over the company does focus much attention to attract customers to find out more about their product on free sample and Bazaar & exhibition.

Table 4.13 Employees response on Promotion Tool

	Responses		Percent of Cases
	N	Percent	
Internet	14	28.0%	45.2%
effective promotion tools	6	12.0%	19.4%
Billboard	6	12.0%	19.4%
Bazaar & Exhibition	30	60.0%	96.8%
Total	50	100.0%	161.3%

a. Dichotomy group tabulated at value 3.

As illustrated on the table 4.14 the majority of respondents notes that Bazaar & exhibition, billboard and internet which account 30%, 14% & 6% respectively.

The above analysis indicate that the company promotional mix strategies are vital for the marketing product its create good image for the company in order to present information about the product that they need to understand what the product is and how it benefit them. it addition it increase demand to increase sales.

Table 4.14 Employees response Communication Effectiveness between Corporate Sales and Marketing Department and Other Department

	Frequency	Percent	Valid Percent	Cumulative Percent
strongly agree	6	14.3	14.3	14.3
Good	15	35.7	35.7	50.0
somewhat good	18	42.9	42.9	92.9
Poor	3	7.1	7.1	100.0
Total	42	100.0	100.0	

Communication is essential for effective functioning in every part of the organization one of the more important form of the organizational communication is inter departmental communication and it's important in order to achieve organization strategic objective of the company.

The above table 4.16 show that 42.9% of the respondent respond that communication between department marketing and other department are somewhat good 35.7% of the respondent replies its good 6% of the respondent that communication between marketing department and other department are strongly good the rest 3% replied it is poor.

The above result indicate that more than half of the respondent respond that the communication effectiveness of the company somewhat good. And this result implies that there is somewhat ineffective communication practice in the company and these will create not to achieve marketing strategy practice effectiveness communication increase cost well as it takes longtime.

Table 4.15 Area of the Company give Direction about Export Coffee Requirements

	Frequency	Percent	Valid Percent	Cumulative Percent
sale target	14	32.6	32.6	32.6
customer service	5	11.6	11.6	44.2
Customer satisfaction	19	44.2	44.2	88.4
Valid area to be covered				
Advertisement	5	11.6	11.6	100.0
Planning				
Total	43	100.0	100.0	

As shown in the table 4.17, 44.2 % of the respondent said that they have received the direction about export coffee requirement from customer satisfaction area to be covered and 32.6% of respondent received sale target .11.6% of the respondent both received directing from the customer service and advertisement planning. The response implies that the company's much more focused on customer satisfaction area which is good to be competent in the business.

Table 4.16 The Major Challenges in the Implementing of Export Coffee Marketing

	Frequency	Percent	Valid Percent	Cumulative Percent
communication problem	19	44.2	44.2	44.2
ineffective promotion	9	20.9	20.9	65.1
Valid poor planning	8	18.6	18.6	83.7
Lack of integrity	2	4.7	4.7	88.4
Lack of commitment	5	11.6	11.6	100.0
Total	43	100.0	100.0	

From the above table 4.20 majority of the respondent which account 44.2% responded that communication problem and 20.9% of the respondents responded that ineffective promotion .Poor planning for marketing strategy of marketing strategy of export coffee, lack of integrity and lack of commitment are which account 18.6%,4.7% and 11.6% respectively.

The above analysis implies that the company has got major problem in the implementation of marketing strategy. These challenges hinder not to achieve the stated goals are objective of the company.

4.4 Analysis of Interview Data

To gather more information about marketing strategy practice of Ethiopia trading business unit ,interview question were forwarded to the top management of the company such as chief Manger of Grain & coffee business unit, marketing officer ,planning manger and manger of marketing department .and this interview response are presented and analyzed as supportive of employee questions, and these interview responses were organized in one analysis.

The business unit, Grain and coffee business unit is under government owned corporation that dealing with export of coffee, pulses and oilseeds and also provide grains locally. And Supply of agricultural product and export of coffee, pulses and oilseeds and also provide grain locally. There are a wide range of product exports different types of coffee for international market. The major coffee type was classified as washed and unwashed type (dry coffee).Another classification of coffee was based on the rank that coffee has based on their quality. These are yirgacheffe-2, sidama2, 4, 5, limmu2, jimma 4, 5, Harer 4, 5, and Nekemte 4, 5. Accordingly, these types of coffee were exported for the last five years. These coffees again grouped under washed and dry coffee type during export time and other than coffee.

Coffee export business affected the overall sales volume and value the of the company, In addition it also affects foreign currency of earning of the country. According to the interview responded that the business unit target market is the country who direct import Ethiopian coffee, trade house and brokers and the major customer of the business unit in exporting coffee Volcafe, Bernhard Rothfos,InterAmerican coffee, Almustaneer Trading , Hinrich Christen.They stated that the main competitors of the business unit are Aba hawa trading, Hora trading, Mullge plc,Esea Bagersh and Oromiya union.

Regarding the competitor and the marketing strategies designs to win the competitor ,competitor analysis help the company understand its competitive advantage relative to competitors .it also generate competitor past, present and most importantly future strategy. More over it provides an informed basis to develop strategies to achieve competitive advantage in the future. Despite the fact there are to be quality oriented company, experienced in the export business, by diversified business providing better quality and increasing market share increase volume of sale by offering competitive price as per customer demands and will effectively accomplished by improving the type, quality and quantity of the products, by discarding all out dated machines and substituted them with modern and

state of the art for the preparation of the export coffee, the study indicate that the existing market segmentation of the company is geographical and behavioral

As they replies the company is participating in international exhibition and trade air with the aim to expand our market destinations and thereby increase our markets share and the company believed that this should be followed in supported by giving priority to improve service quality depending on customer feedback by providing quality product, consistently work on quality delivery and focus on cost reduction to compete with others. They respond that regarding the pricing strategy of the company never indulge in negative attract as far as the aim given “creating market opportunities to producer “is concerned, uses as include all pricing element for its cost-build up, compare with the free market and then analyze the competing environments, specially consider the factor include cost of the product, customer demand .on the product, profit of the product, and distribution objective and strategies are quality distributor, reduce costs, increase speed and cover more market. And they believed that their customers understand their pricing strategy, it is a signal for competition to think what is there behind when our company is out of the market for some reasonable time.

The informant responded as depending on the existing working environment the marketing department, is expected to conduct market researches which will serves a backbone to the company, but currently the department has been evaluated for not accomplishing the key task.

From the current undertaking of the marketing department, it is inferred that the department is highly occupied with routine works. As per the interviewee replied, modern marketing is a complex practice that involves the Production of quality and standard products, the establishment of various and efficient distribution networks, popularizing the product with fair prices and delivering continuous services after distribution. In this connection the capability of company to compete in the export international market is becoming difficult due to the structure of the company it have high member of the employee not enable the company to have cost advantage ,and complex marketing challenge and limited access to market information.

Evaluation and review are vital components of performance improvement. It helps to understand how we are performing where we are reaching our goals and inform our decision about what to do next. According to the interviewees, the company has set 5 years marketing strategy starting. Internally there is continuous evaluation and review on the strategic document. However answer that strategic document was evaluated and reviewed at the end of the budget year. Additionally the company had experienced in participation of external evaluator and reviewer it provide reliable and accountable information to different stakeholders.

As per the interviewee replied, so far it's going well but our company is on the way to introduce marketing challenges which enable it to absorb and make it cost effective. And also it need intensive marketing research and market development to cop up with the existing challenge and reviewing the structure of the company and salary scale to get more integrated staff. Finally the interviewee has replied that the question of how evaluate the company current marketing strategy is that the company plan to do a well-organized and competitive marketing strategies than now what we have practiced .But overall the marketing strategy of the business unit is now satisfactory.

CHAPTER FIVE

SUMMARY OF FINDING, CONCLUSION AND RECOMMENDATION

These chapters begin with summary of the finding for each questionnaire survey and depth interview questions. Then conclusions were presented respectively.

5.1 Summary of Major Finding

The main objective of the study was to assess the marketing strategy practice of Grain & coffee business unit under Ethiopian trading business corporation. The study was designed mainly to deal with how marketing mixes, marketing segmentation and target marketing are used in order to enhance, maintains and attract customers and to identify how these tools are assigned with marketing strategy of the business unit.

The study uses descriptive research as and finding from the quantitative data collective from self administered questionnaires. Finding from the qualitative data gather from depth interview question .The sampling procedure is census sampling research method from 45 questioners 43 are usable questionnaires were collected and interview question forwarded to 3 chief officers of the business unit and used to analysis of the paper

- The customer primary reason of buying the business unit coffee are because of customer preference based on quality of the coffee and also the price of the export coffee were affordable.
- Segmenting a market is essential in marketing strategy by dividing a board target market in to homogenous groups, the study indicate that the existing market segmentation of the company is geographical and behavioral
- The key factor considered in setting pricing strategy is product value and cost
- The business unit promotional strategy were emphasize through on both free sample ,Bazaar & Exhibition ,they were best and effective promotional strategy practice for the company
- The business unit target markets for export coffee are all importer and agents who buy Ethiopian coffee and the product availability and accessibility are good
- Regarding the competition, there are many coffee exporter in the industry .but the business unit didn't have designed strategy to win the competitors just doing business in pervious goodwill of the company.
- The quality of the export coffee of the business unit is satisfying its customers. The pricing strategy of the business unit very complex because of the business nature but it's

understandable by the customer. The unit considered cost, perceived value and product value as benchmark in setting price strategy. While strategic marketing document show that the company didn't properly state what factor considered in setting pricing strategy.

- The capability of the company to compete in the export international market is becoming difficult due to the structure of the company it have high member of the employee not enable the company to have cost advantage ,and complex marketing challenge, limited access to market information, communication problem and poor planning.
- The company has set 5 years marketing strategy starting. Internally there is continuous evaluation and review on the strategic document. However that strategic document was evaluated and reviewed at the end of the budget year. Additionally the company had experienced in participation of external evaluator and reviewer it provide reliable and accountable information to different stakeholders.
- The company export market strategy so far it's going well but our company is on the way to introduce marketing challenges which enable it to absorb and make it cost effective but it need intensive marketing research and market development.

5.2 Conclusion of the Study

Based on the finding of the study variety of outcomes were drawn considering the research question. Marketing strategies are the means by which the marketing objective will be achieved. The employees and higher officials in the marketing department are genuinely performing their duties to achieve the company goals. But the communication problem between department and other department is main hindrances in the implementation of the strategy

Market segmentation is process of dividing the total market for a particular product and service in to relatively homogenous segments .it is also classify based on customer characteristics' such as demographic , geographically ,psychological and behavioral segmentations .however the business unit has segmented geographically and behavioral

The business unit use 4ps of marketing mix elements to achieve its target. These marketing mix elements are product, price, promotion and distribution. This is vital to implement the marketing strategy effectively inseparable because each miss affect the other. Therefore all mixes are essential for the business unit to achieve its customer requirement based on these concepts the company offer to the customers commercial coffee only but to be competent, the company also start to export specialty coffee this is important in the use of effectively of 4p of marketing mix. And also the coffee accessibility and availability are good it's have good warehouses and processing unit which have a good potential to reach export coffee at available time.

In terms of pricing strategy the company set affordable price and easily understandable by its customer the price of the coffee are setting depends on some factor such as perceived value of the customer and cost and benchmarking of some exporter price. Hence it couldn't consider the competitors analysis in order to set the pricing strategy.

Promotional tools are also essential to practicing marketing strategy of the company. The business unit promotional tools are free sample and Bazaar & Exhibition.

Distributions strategies are concerned with the channel of the firm that employs to make its good and service available concerned with the channel of a firm that employee to make its good service available to customer. The distribution systems of the company are good and determine the product marketing presence and the buyer's accessibility of the coffee. The selling process of the business unit is by direct to importer and by agent. And its play vital role in maximizing the accessibility of the company coffee

In the formulation of marketing strategy for export coffee of the business unit manager of marketing department up to top management. But the final draft of the strategy is decided by top management.

In the implementation of the export coffee strategy, all employees of the business unit participating. But mainly marketing department intimately performed the strategy.

Even though the export marketing strategy ties of the company somehow effective, there are some problems that the business unit faced. These are ineffective communication lack of coordination, structure problem n the marketing division is the major challenge in the implementation of the marketing strategy.

Evaluations and review of the strategic marketing document of the business unit strategic document was evaluated and reviewed at the end of the budget year. Additionally the company had experienced in participation of external evaluator and reviewer it provide reliable and accountable information to different stakeholders.

5.3 Recommendation

In order to alleviate the problems that were identified by the study, the following recommendation are forwarded.

- A business to be successful, should not only good product with attractive price to generate sale and profit but should also be able to effectively communicate the detail of the product to the customer from the result the business unit promotional suffer from lack product diversity like specialty coffee .therefore the business unit should create specialist coffee that 'specialty coffee' has become a generic label covering a range of different coffees, which either command a premium price over other coffees or are perceived by consumers as being different from the widely available mainstream brands of coffee..
- The company should focus to analyze further factor to be considered in formulating the marketing strategy by doing a market research on situational analysis in order to retain customer for a long period of time and also to attract new customer with new coffee variety.
- The studies indicate that there were some challenges in implementation of the strategy such as ineffective communication, lack of integrations in the marketing division. Therefore the business unit should revisit their current performance against the aforementioned problem by evaluating on regular basis of their strategy so that improved quality of network, well structure effective communication and integrations can provide the power needed to gain new customer and increase profits.
- In the research study, the research has assessed the marketing strategy practiced of the Ethiopian grain coffee trade business unit in company perspective only. Therefore, it's better for any forthcoming researcher who wants to investigate similar issue by involving the customer, competitor and other stakeholders. Additionally it's better if comparative study will be conducted with other coffee exporters.

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APPENDICES



St. Mary's University

Graduate school of Business and economics

Appendix A: Interview Questions with Marketing and planning department employee of the grain/coffee business Unit

Dear Respondents

The purpose of this research is to assess the coffee export marketing strategy and practice in Ethiopia Trading Business Corporation in partial fulfillment of master's degree in Business Administration (MBA). Your accurate information is valuable to the success of this study, all information you present will be kept confidential and will be used only for academic purpose. Your corporation and prompt response will be highly appreciated.

Thank You in advance!

TizitaEndeshaw

Tel:-0911313886

N.B

Writing your name is not necessary

Put "√" for your choice in the box provide

Part one: Demographic Characteristics

1. Gender

1. Male 2. Female

2. Age(in years)

1. Under 20 2.21-35 3.36-50 4.51-65
5. Over 65

3. Educational level

1.1-12Complete 2.Certificate Diplomas 3.BA/BSC

4. MA/MSc/MBA5.PhD

4. Position

1. Senior Manager 2. Managers 3.Staff

5. How long have you been employee in the company?

1. Less than one year 2.Two to five years
3. Five to ten years 4.Ten to fifteen years
5. More than fifteen years

Part Two: Marketing Mix

6. What marketing mix strategies does the company use?

1. Product 4. Distribution
2. Price 5.All the above mixes
3. Promotion

7. What are the customer primary reasons for buying the company product?

1 Quality of product 4. Effective promotion
2. Proximity of supply 5. Customers' preferences
3. Lower price than other 6. The customer has no option

8. What is your opinion about the current coffee quality

1. Very good 4. Poor
2. Good 5. Very Poor

9. What is your opinion concerning the price of the export coffee

1. Very cheap 2. Cheap 3. Affordable
4. Expensive 5. Very expensive

10. What are the key factors considering in setting pricing strategy?

- 1. product Value
- 2. Cost
- 3. Perceived Value
- 4. Economic Condition
- 5. Marketing Objectives
- 6. Competitor cost, price, offer

If other please specify-----

11. The Company export coffee availability and accessibility?

- 1. Very good 2. Good 3. Fair 4. poor

12. What would you suggests as the best strategy of advertising the company’s product

- 1. Free sampling 2. Internet
- 3. Billboard 4. Bazaar & exhibition

13. on the rate of 1 to 3, where 1 represent ‘least effective’ and 3 represent ‘most effective’ how do would rate the appropriateness of the following mix to the company

Please put a tick mark for each provide box)

Promotional tool	1	2	3
Free sampling			
Internet			
Billboard			
Bazaar & Exhibition			

14. How do you rate the communication effectiveness between corporate sales and marketing department and other department?

- 1. Strongly agree 4. Poor
- 2. Good 5. Very Poor
- 3. Somewhat good

15. In which of the following area do you receive direction about export coffee requirement from the companies

- 1. Sale target 3. Customer satisfaction area to be covered
- 2. Customer service 4. Advertisement Planning

5. Discount /schemes

6. Any other please specify -----

16. Who are the Major implementers of the coffee export marketing Strategy?

1 .Marketing department

2. Product and service department

3.Customer service department

4. planning department

5. Top Management

6. All employees

7. any other please Specify -----

17. What are the major challenges in the implementing of export coffee marketing strategy of the company?

1. Communication problem

2.ineffective promotion

3. Poor planning

4.Lack of integrity

5. Lack of commitment

6. All of the Above

7. any other please Specify -----

18. Who are the major formulators of the export coffee marketing strategies?

19. How do you comment export coffee market in respect to other export commodity of the company?

20. If you have further comment about export coffee please indicate on space provided below



St. Mary's University

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Appendix B: Questions the management Team of the grain/coffee business Unit

Dear Respondents

The purpose of this research is to assess the coffee export marketing strategy and practice in Ethiopia Trading Business Corporation in partial fulfillment of Master's Degree in Business Administration (MBA). Your accurate information is valuable to the success of this study. All information you present will be kept confidential and will be used only for academic purpose. Your corporation and prompt response will be highly appreciated.

Thank You in advance!

Tizita Endeshaw

Tel:-0911313886

N.B

Writing your name is not necessary

Part: Interview Question

1. In what business are your current workings and what do you offer to your client?

2. How does your export coffee marketing strategy impact your company overall business?

3. Who are your target customers of export coffee and which organizations are your main direct competitors?

4. What are the bases of segmentation the market?

5. What is your future plan to expand your product or to increase your market share? And what improvement can you make to you make to you offering to better to meet customer needs?

6. What factor do you consider in setting pricing strategy? What distribution objective and strategies are the company perused?

7. What are the roles of marketing department? Do you think that the marketing tasks of the company have performed well?

8 . What are the problems encountered in implementing the export coffee marketing strategies?

9. How evaluate and review the strategic marketing document?

10. Over all how do you evaluate the company's current export coffee marketing strategies?
