



**ST. MARY UNIVERSITY**

**SCHOOL OF GRADUATE STUDIES**

**CHALLENGES AND OPPORTUNITIES OF TEA MARKETING IN THE CASE OF  
EAST AFRICAN AGRI-BUSINESS PRIVATE LIMITED COMPANY**

**BY**

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**JUNE, 2016**

**ADDIS ABABA, ETHIOPIA**

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**A THESIS SUBMITTED TO ST. MARY UNIVERSITY SCHOOL OF GRADUTE  
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## **DECLARATION**

Here I, the undersigned, declare that this is my original work, prepared under the guidance of

\_\_\_\_\_. All sources of materials used for the thesis have been duly acknowledged. I further confirm that the thesis has not been submitted either in part or full to any other higher learning institution for the purpose of earning any degree.

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**June, 2016**

## **ENDORSEMENT**

This thesis has been submitted to St. Mary University School of graduate studies for examination with my approval as a university advisor.

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**June, 2016**

## **Abstract**

Many companies failing to address their opportunities by developing their marketing strategy will lose out to competitors. Competition in tea marketing becomes increased as consumers need prior to product quality and the change in global market strategy. For this reason, the challenges concerning the marketing mix elements (product, price, promotion and place) adopted by the company, its opportunity and the management decisions are discussed in this study. Data was gathered through survey questionnaire from company employees and wholesalers. An interview also deployed to gather data with the founder of eight company employees using an interview guide and using records at Dukem tea factory and the company head office. Descriptive approach is deployed to analyze the data. The results revealed that low product quality, weak in brand awareness, low demand for the product, high competitions emerged from abroad and domestic market, low product diversification, high prices charged to low product quality, confusing advertisements and mismanagement decisions are identified as challenges to tea marketing of the company. The opportunities such as a company's own farm, low production costs, employee commitments, modern tea factory, government support, access to labor force, and high demand of tea importing countries are identified as existed opportunities to the company. Based on the findings obtained thorough this study, solutions have been recommended to improve the situations by indentifying marketing strategy with focus on customers need and having marketing information intelligence.

**Key words:** marketing strategy, marketing mix, challenges, opportunities, mismanagement decisions.

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## **Acronym**

ACP African, Caribbean and Pacific

ACP-EU African, Caribbean and Pacific – European Union

BPF Blending and Packing Factory

CTEF Chewaka Tea Estate Farm

CTC Cut-Tear-Curl

EAABC East African Agri-Business Company

ESA Ethiopian Standard Agency

ET Ethiopian Tea

EU European Union

FAO Food safety and Agricultural Organization

GOE Government of Ethiopia

IGG Inter Governmental Group

IMC Integrated Marketing Communication

IPAR Institute of Policy Analysis and Research

MOA Ministry Of Agriculture

SNNP- South Nation's Nationalities Population

SOMO Style of my own (it is a center for research on Multinational Corporation)

UK United Kingdom

US United State



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## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.1 Back Ground of the Study**

The demand for tea is expected to increase worldwide, with the European Community, the United States, and Japan being major importers (FAO, 2015). They also argued that tea consumers to be relatively in-sensitive to price changes, because tea purchases do not account for a large percentage of the consumer's total budget, hence, quality and health benefits as more important in their tea purchasing decision than price. In this regard the challenges for tea marketing are the issue of product quality which offers consumers health benefit and increases the willingness to purchase high quality product at higher prices.

In fact, the lower in tea quality product is the cause for the challenges in tea marketing performance. It influence directly to decrease or increase the tea marketing performance and impact on company's profitability as well as employee incomes and benefits. The challenges concerning the product quality like starting from harvesting, processing, tastes, packing, appropriate storage, would be considerable to overcome the challenges of tea marketing performance.

An extensive and ethical promotion campaign, placing products at the right quantity at the right time and aggressive intervention is the only the first step to improve the domestic market, especially in the context of competitive participation from other countries (Wanjiru; Wangare; Muchina; and Kimani, 2006). Promotion campaign is a marketing strategy to improve the sales performance and sustain the market competitively. The promotions that exaggerate or overstate the image of existing or new products create challenges on tea marketing performance. This result may appear after the products reach in the market.

Marketing of the existing or new products should define the market as accurately as possible to have a deeper understanding of exactly to whom the products are supposed to be sold. The more specific a target market is, the more accurately it will be able to target sales and marketing efforts. Marketing new products is very risky and challenging because new product failures can



cost millions of money (Copper, 2007). Cooper and Kleinschmidt (2007) pointed out that in order to upgrade the performance of new product development, a company first collects related market information, evaluates the internal and external environment and resources and plan development strategies of new products that match business goals.

According to Wanjiru, 2006, placement of products at the right quantity, at the right time and at the right place is vital for a company to increase the performance of tea marketing. Poor placing and delivery of the product can affect the marketing performance of the company. It is one of the challenging activities for tea marketing.

Tea producers of developing countries have an opportunity to diversify their products across the country as of many developed countries are the main importer like the European community, USA and others (FAO, 2015). Tea producers have an opportunity in marketing tea through the whole world as all age group of people consume tea and many countries are not producing tea because of unsuited land and environment so that they import a bulk of tea to pack and retail in their country and export to other country in value additions.

The challenge for prospective tea producers is to develop a marketing strategy that will ensure success. The strategy must include the four marketing “Ps” price, place, promotion, and product such that the product will be attractive and accessible to the target markets (Kiprotich, 2012). The challenges and opportunities for tea marketing including the “4ps” of marketing mix elements will be investigated that will ensure the company to develop such a marketing strategy and to improve marketing performance.

The tea marketing of EAABC was faced a challenges as customers willingness decreased to buy the company product and many competitors emerged from abroad and domestic market (company annual report). The Kenyan company’s distributed their products to the niche market of our Eastern parts of the country at low prices and the domestic tea packers was also increased. This imposed threat to the company and made an impact on tea marketing performance. The company management made a discussion on several meetings to overcome this problem but remained unsolved. This study was aimed to identify the challenges that the company’s faced related to the tea marketing mix elements.

EAABC supposed to have an opportunity to overcome those problems and increase its market potential. Therefore, this study also focused to investigate the opportunities existed with company. This can help a company as an advantage over many other competing companies.

## **1.2 Statement of the problem**

According to (Wanjiru, Wangari, Muchina, and Kimani, 2006), there are many challenges that are facing the tea industry hindering sustainability and competitiveness. According to the annual report of East African Agribusiness Company (2015), the tea marketing of the company in domestic and export market was faced challenges with having high amount of raw material or tea volume at warehouse but customers to buy the company products decreased and high competitions emerged from abroad and domestic market. The report also indicated the company threat and losses. The company management was concerned about this problem, and strived on issues to overcome this challenge and increase the sales volume of the product.

However, despite the efforts made so far the problem remained unsolved and continues to affect the marketing activity of the company and its overall performance at large. This gap was not touched by other researchers in any earlier studies. The purpose of this study was therefore; to identify the challenges related marketing mix activities which affected the company customer but made an advantage to its competitors and to investigate the opportunities existed within the company which can increase its market share.

## **1.3 Basic Research Questions**

In line with the problem statement the study will address the following research questions:

- i. What are the challenges that the company's faced in terms of marketing mix (product, price, promotion and place) that affected the tea marketing performance of the company?
- ii. What are the opportunities that the company used to increase its market potential?
- iii. Do you think that the management decisions are effective?

## **1.4 Objectives of the Study**

The overall objective of the study is to identify the challenges and opportunities of tea marketing related the marketing mix frame work of EAABC. Drawing insights from the issues highlighted above, the study focused on the following specific objectives:

- It is to identify the challenges of tea marketing in terms of marketing mix and evaluate the quantity supplied and demanded in last five years (2011-2015).
- It is to investigate whether the company has opportunities and used effectively to increase its market potential.
- It is to assess the management decisions related to tea marketing activities.

### **1.5 Significance of the Study**

The study could provide ways or directions to overcome the challenges that a company's faced. Accordingly, it helps the company to understand and answer the following three important questions:

Where are we now?

Where do we want to go?

How are we going to get there?

This study can form the basis of tea marketing strategy related marketing mix to achieve the company's objectives by meeting the marketing policies and procedures. On the other hand, the marketing departments may plan effective marketing strategies and adopt marketing activities that can satisfy customers need and company objectives.

This study also ensures and establishes consistent and stable tea marketing practices in local and export market competitively that improves and increases the tea marketing performance of the company in utilizing their opportunities effectively. Most importantly, it provides and raises the understanding, awareness, and interests of the company management in order to take proper decisions on time and effectively. Besides, the findings of the study will serve as reference by providing relevant information for further study.

### **1.6 Scope and Limitation of the Study**

This study is bounded in identifying the challenges related marketing mix and its opportunities of the company with focus on three study areas such as Addis Ababa which considered the head office located at Lideta sub city, eight wholesalers they located at Addis kifle ketema or Markato and the third study area is Dukam tea factory which located at Dukem town 40km far from Addis Ababa. There were some limitations in the process of undertaking this study. These

include the following: First, in order to build a theoretical framework on the topic, the review of the literature, books and publications was important step. However, insufficient studies and literature on the subject in Ethiopia particularly those relating to tea marketing references acted as limitations.

The study didn't included retailers and consumers as there was a shortage of time and other resources faced to the researcher. In such away, the study only focuses on wholesalers and company employees which are considered as particular relation with tea marketing activity and having information sourced from retailers and consumers.

### **1.7 Organization of the Research**

This study is categorized into five chapters. Chapter one comprises introduction, the second chapter is all about review of related literature and the third chapter includes research design and methodology of the study. Moreover, the fourth chapter provides a detailed analysis of the empirical fieldwork undertaken through survey and interview and presents research findings/results related to the challenges and opportunities of EAABC tea marketing. Finally, the last chapter Provides summary, conclusions and recommendations emanating from this research and suggests possible solutions or measures that can be used by different stakeholder in order to solve the problem and improve the company tea marketing performance.

## CHAPTER TWO

### REVIEW OF RELATED LITERATURE

#### 2.1.Theoretical Review

This chapter critically reviewed relevant literature dealing with the phenomenon under study, with a view to examining what has been done by earlier studies on this phenomenon. A literature review would undertake to assist researchers to comprehend and extend their knowledge of the phenomenon under study. The purpose of a literature review is “to determine the extent to which the topic under study is covered in the existing body of knowledge” (Babbie and Mouton, 2001). This section reviews related literature on marketing which is a strategy for increasing demand for a product. Research done on marketing mix are discussed and placed in context of the study especially marketing mix as applied by firms.

##### 2.1.1. Definition of Terms

**Marketing:** is a set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners and society at large (American Marketing Association, 2007)

**Marketing management:** is the analysis, planning, implementation, and control of programs designed to bring about desired exchanges with target audiences for the purpose of personal and mutual gain (Philip and Gerald, 1971).

**Marketing strategy:** is an endeavor by an organization to differentiate itself from its competitors, using its relative corporate strengths to better satisfy customer needs in a given environmental setting (Collins, 2008).

**Marketing mix:** is a tool that can be used by firms to set appropriate strategies so as to get the desired responses from their target markets .it is a framework businesses use to pursue their marketing goals in the target markets (chai, 2009).

**Four p s of marketing:** is a marketing mix comprising of product, price, promotion and place (McCarthy, 1964)

**Product:** is anything that can be offered to a market for attention, acquisition use or consumption that might satisfy a want or need (Ayad et al and Majed, 2012)

**Price:** is the amount of money charged for a product or service or that total values that consumers exchange for the benefits of having or using the product or service (Ayadet.el, 2012)

**Promotion:** is an institution ability to communicate its customers. It includes sales promotion, advertising, personal selling, public relations and direct marketing (Anas and Fatal, 2010)

**Place:** is an activity of a business that involves decisions concerning the distribution channels to be used and their management, the locations of outlets, methods of transportation and inventory levels to be held (Jobber, 2001)

**Challenges:** is the situation of being faced with something that needs great effort in order to be done successfully and therefore tests the performance (Thomas, 2012)

**Opportunity:** is essential to the task of building consensus about how to operationalize and measure the goals of the company to achieve its potential (Thomas, 2012).

**Management decision:** Effective management decision is the process through which alternatives are selected and then managed through implementation to achieve business objective on time (Jasmine, 2007).

### **2.1.2. Concepts of Marketing mix**

Prior to 1980, studies of marketing organization focused largely on its role in implementation of the marketing paradigm factors (Mc carthy, 2003). He offered 4ps as marketing mix and introduced that to the scientific centers. He introduced four main factors as effective factors in the marketing of products. These factors were product, price, place and promotion. According to his point of view, all activities in the field of product and service marketing can perform in the frame of four main. The above perspective did not consider vary of activities in different businesses, and offering same alternative for all marketing dimensions (Bennett, 2000).

According to Bennett (2000), marketing mix is one of the major concepts in modern marketing, it is defined as the set of controllable, tactical marketing tools that the firm blends to produce the response it wants in the target market. It consist everything the firm can do to influence the

demand for its product. The main possibilities can be grouped into four variables known as the "four Ps" Product, price, place, and promotion. Product means the good and service combination the company offers to the target market. Price is the amount of money customers has to pay to obtain the product. Place includes company activities that make the product available to target consumers. Promotion means activities that communicate the merits of the product and persuade target customer to buy it. An effective marketing program blends all of the marketing mix elements for product (4p's) into a coordinated program designed to achieve the company's marketing objectives. The marketing mix constitutes the company's tactical tool kit for establishing strong positioning in target markets.

### **2.1.3. The 4ps of Marketing mix Elements**

#### **2.1.3.1 Product**

Kiprotich (2012) indicated that a product can be a good or as service. When considering product as a marketing element, issues such as brand, quality, quantity, design and packaging are very important.

A company must devise strategies to boost demand for its product in order to succeed in the market. The brand should be acceptable to the customer; the quality should be high so that loyalty of the buyer can be won through satisfaction.

For tea marketing, the product is uniform (homogeneous) but the quality may differ depending on the manufacturing processes, storage and the temptation to blend in order to increase profit margins. The dealers (marketers) in this respect must ensure that they maintain and attract customer loyalty to their product by selling tea products of high quality to satisfy customers need and retain in the market.

Kiprotich et al, (2012) using model studies of Chinese firms in Hongkong found a significant correlation between performance of the product and reputation of companies or brand. Quality characteristics of a product include information regarding usage, importance of product to different customers and its ability to make a difference. Research proofs that there is a relationship between product qualities with customer loyalty. The relationship is positive between brand, quality and design. Similar to advertising, product activity (e.g., innovations,

changes in form, etc) enhances a brand's perceived quality, increases purchase likelihood and builds equity.

### **2.1.3.2 Prices of the Products**

Kiprotich, (2012) states that pricing in a highly competitive industry like the tea full need to be competitive. In Kenya, India, and Sri Lanka, this price is determined at auction. The factors used to determine this are: the product quality, packaging, exchange rate and other costs related to geographical distance across the country. Therefore, different countries have different prices with the lowest being at lower product quality and highest at higher product quality. Kerin, Hartley and Rudelins, (2007) argued that in general, customers always went a reasonable price in buying a product or services. The price must however show value of the product for the customer to remain loyal. The main element of this is the amount a customer pays for a product. This amount determines the level of profit for a company and consequently its survival. According to (Tnui, Feng, Shin, Zeng and Xinghui, 2005) charging price has a profound impact on marketing strategy, price elasticity of the product which then affects demand and sales. The price should therefore be set to compliment to other elements of marketing mix (Dare, 1996). Marketers are also advised to be aware of the customer perceived value when setting price for the product. Pricing strategies are: market skimming, market penetration and neutral pricing. Reference value and differential value must be taken into account. (Needham, 1996) Price changes have inverse relationship with sales (demand) for a normal good and other things assumed. Pricing include: discount, allowance and credit.

Research indicates that there is a positive relation between suitable prices with customer loyalty. Tnui, Feng, Shin, Zeng and Xinghui, (2005) illustrated that, it must be remembered that customers who are loyal to a brand or company will always be less price sensitive. In tea industry, prices do not differ significantly within the same location to retain their customers and attract new ones; the quality of product will differentiate along with locations. Failure to reflect this as the pump will drive away customers.

The producers that are able to price below the maximum recommended or even to give discounts, will attract more customers to buy other things remaining equal. The challenge therefore lies in procuring these product(s) in large quantities in order to enjoy reduced unit



cost of product, storage and procurement. However, prior to setting a price, marketers often set objective for the price to facilitate the process of price determination. The objective usually is to remain in the market, to capture a large market share, maximize profit by highlighting product quality (Larsen, 2004). A suitable price is one that will cover the costs (fixed and variable) and leave the proprietor with a reasonable profit. Consequently, the contribution margin per kilo gram sold is critical in determining volume to be sold in order to break even and even to post a profit. The industry is profit making and highly competitive. Therefore, very small changes in price may translate into significant volumes of sale and also higher profits.

Discounting policies are typically found to decrease price elasticity's (make them more negative) by focusing consumers' attention to price-oriented cues (Boulding et al. 1994) Mela, Gupta, and Lehmann, (19972) found out that tea producing companies were becoming flexible on payment terms as indicated by extension of credit limit and period. He also found out that companies were also extending discounts and allowances to customers in order to remain them. Less frequent changes of prices caused customers to perceive a company as focused and this assists in planning hence positively enhancing a company perception in the market. According to (Mc Carthy and Perreault, 2003) most tea companies follow the strategy of matching competitor prices more often than price skimming strategy. Price skimming is a pricing strategy in which a marketer sets a relatively high price for a product or service at first, and then lowers the price over time.

### **2.1.3.3 Promotion**

Promotion involves a variety of activities undertaken by a firm to communicate the merits of its products and to persuade target consumers to purchase it (Kotler, 2007). It includes activities like advertising, sales promotion, personal selling and publicity. Promotional techniques common to the tea industry has been price discounts, free gifts and vouchers, advertisements in the press and after sales service like checking for product, door to door sales, van sales. Many of the promotional activities take place at the city and towns. This is probably because they are particular to certain product station. What is important to remember is that the product stations are franchised by individuals, others are owned by tea marketers themselves.

Brand-oriented advertising (e.g., non-price advertising) strengthens brand image, causes greater awareness, differentiates products and builds brand equity (Aaker and Dvid, 1991). Advertising may also signal product quality leading to an increase in brand equity (Kerin, Hartley and Rudelins, 2007). Accordingly, several authors have found advertising to have a positive and enduring effect on base sales (e.g., Hanssens and Gryna, 2007).

The purpose of promotion is to communicate benefits of using a product or service so that more customers are attracted to buy (Lamb et al, 2009). Strategies employed are advertisement, merchandise promotion (sales promotion) and direct selling (Kotler, 1997). It has been applied in order to remind users about the product and to increase product demand. Each product or service requires a unique mix of promotional activities to yield maximum effect. Therefore, each seller must tailor product promotion to suit the product and the market segment. Some users are attracted to product characteristics while others are attracted to discount price (Jager, 2007). Research by Gaski and Etzed (1996) proved there is no relation between promotion and customer satisfaction. A study in India found out that confusing advertisement led to dissatisfaction of the customer (Pauwels, Koen, Daminique, Hanssens and Siddarth, 2002). Other studies however, have recommended an integrated marketing communication (IMC) as a more effective method of promotion. This includes a mix of promotional elements like advertising, public relation, merchandise promotion and personal selling (Ferrel, Hrtline and Lucas, 2002).

#### **2.1.3.4 Placement of Products**

Businesses need to decide on the place of purchase or where and how to distribute the product to the customer. Consumer would be satisfied if products are made available at the right time, in the right place and in the right quantity (Hashim, 2011). Tea marketers need to strategically locate their stations so that consumers can easily access them whether in town or out of town. For instance, since tea products are demanded by consumers, its supply should be at convenient locations for consumers (along busy highways or roads).

Distribution breadth (the percent of distribution that carries a brand) can affect brand performance, but as with product, theoretical and empirical evidence for these effects are limited. Increases in the breadth of distribution lead to higher base sales as the wider availability

facilitates consumers' ability to find the brand (Bouldinel, William, Eunky, Lee and Staelin, 1994). A recent study by (Mela, Gupta and Lehman, 1997) showed that distribution plays a central role in building new brands. Product innovation is also likely to have considerable effects as it is a core source of differential advantage. (Wairachu, 2000) indicated the need of companies to ensure accessibility of their products and services by establishment of convenience stores to ensure convenience and ease. Ease of accessibility of products and services ensures customers are flexible and perceives the purchase as easy.

This wholesomely affects sales and in turn the market shares of the company. McCarthy, (2003) while addressing the responses of tea industry players highlighted that many companies were developing new market as well as carrying out market segmentation to ensure a wide coverage and ease of accessibility to customer perception of a company changes as it becomes easy to deal with this kind of company.

Kevin et al (2009) posited that customers benefit from a well managed and effective distribution network. Research by (Lysonski, 2003) indicated a significant relationship between distribution (place) and customer satisfaction. However, other studies stated that there was no significant correlation between performances of companies with distribution channels. Distribution in the context of this study refers to location of the product stations relative to customers (wholesalers). The study, therefore assumes a direct relationship between location and sales performance for tea industry.

Several studies measuring customer attitude towards marketing mix have been carried out in industries and emerging nations (Gaski and Etzel, 1986; Bhuiyan, 1999; Lysonski, 2003). A significant study in measuring consumer sentiments towards marketing practices was carried out by Gaski and Etzel, (2005). Other researchers Sabry, (2004) found that the pricing strategies and advertising appeals must also be adapted to suit the consumer's needs and tastes. Akinyele, (2010) in her study of 221 Ukrainian firms used a combination of predictor variables such as measuring marketing as a guiding philosophy of business and marketing as product promotion and positioning. She discovered that managers who emphasized activities had significantly better scores on the measures of competitive advantage than those who emphasized selling or production; and also had greater sales volume, better profits and better return on investment.

Many marketing researchers have broadly argued marketing strategy to be a concept built on robust platform of segmentation, targeting and positioning (Ferrell et al., 2002; Walker et al., 2001). Marketing strategy requires decisions about the specific target of customers. Besides, marketing mix may be developed to target market by positioning it suitably in a superior way. In this context, the study of the effectiveness of the marketing tools is essential for an appropriate marketing strategy. Appropriateness of marketing strategies may be viewed as the congruence of market offerings of a set of products and its corresponding consumer perception among its target segment. More the target segment is able to understand and believe the cues (Richardson, Dick and Jain, 1994) communicated by the company's through marketing mix, more is the effectiveness of the marketing strategies.

#### **2.1.4. Marketing Strategies**

Marketing strategies and tactics are connected with taking decisions on different variables to influence mutually-satisfying exchange dealings and relationships. Characteristically, marketers have different tools they can use; these include mega marketing (Kotler, 1997) and also called 4Ps of product marketing (McCarthy, 2002). Marketing appears simple to describe, but very difficult to practice (Kotler and Connor, 1997). In the service industry, the P's increase to seven that is physical evidence, process, and people (Bashan, 2011).

Organizational leaders in many firms have applied the so-called marketing concept, which may be easy or complex. The marketing idea and variants like the total quality management concept for example, are fundamentally concerned with satisfying customers' needs and wants beneficially. Creating and implementing efficient and effective marketing strategies which incorporate relevant dimensions of the marketing concept, engage the organic tasks of selecting a target market (customers or clients) in which to operate and implementing an efficient and effective marketing ingredient combination. Marketing thought, with its practice, has been moving quickly into the industry (Kotler and Connor, 1997).

Literature, in part, centers on the conversation of whether physical product marketing is comparable to, or different from, the marketing of products and concludes that the differences between physical product and service might be a subject of emphasis rather than of nature or kind (Creveling, 2005).

According to (Scnars, 1991), marketing strategy has been a most important focus of academic inquiry since the 1980s. There are number of definitions of marketing strategy in the literature and such definitions reflect different viewpoints (Li, Kinman, Duan, and Edward, 2000). On the other hand, the consensus is that marketing strategy gives the avenue for utilizing the resources of an organization in order to gain its set goals and objectives. In general, marketing strategy deals with the adapting of marketing mix-functions to environmental forces. It evolves from the interaction of the marketing mix elements and the environmental factors (Li, Kinman, Duan, and Edwards, 2000).

Therefore, the function of marketing strategy is to determine the nature, strength, way, and interaction between the marketing mix- elements and the environmental factors in particular circumstances (Jain and Punj 2002). According to (McDonald, 1992), the aim of the development of an organization's marketing strategy is to set up, build, defend and maintain its competitive advantage. Decision-making judgment is important in coping with environmental ambiguity and uncertainty in strategic marketing (Brownlie and Spender, 2005).

Generally, marketing strategy deals with the adapting of marketing mix elements to environmental force (Li, Kinman, Duan, and Edwards, 2000). Akinyele, (2011) defines the function of marketing strategy is to determine the nature, strength, direction and interaction between the marketing mix elements and the environmental factors in a particular situation. According to Levie, (2006) the aim of developing an organization marketing strategy is to establish, build, defend and mention its competitive advantage.

#### **2.1.5. Demand for Tea Products**

The main factor that affects consumers demand for tea products is that consumers attitude towards risks (FAO, 2015). The peculiarities of tea products may create marketing programs that are different from those found in the marketing of tangible products. The peculiarities may, also, require unique marketing approaches and strategies. However, marketing concepts, principles and strategies are of relevance in the marketing of tea products. Sound and robust marketing strategies are important to the survival and growth of any business, including tea business, considering the increasingly subtle, unstable and seemingly hostile

business environments in which contemporary business organizations operate (McDonald 2004 and Creveling 2005).

However, it is difficult for an organization to achieve an efficient and effective marketing strategy (Li, Kinman, Duan, and Edwards, (2000). As a result of the ambiguity and instability of environmental factors, strategic marketing may be a difficult task for organizational strategists. Many factors prevent organizational managers from designing and implementing efficient and effective marketing strategies (McDonald, 1992). The fact is that environmental factors generally interact in an astonishing manner and affect the efficiency and effectiveness of managers in strategic marketing issues (McDonald, 1996).

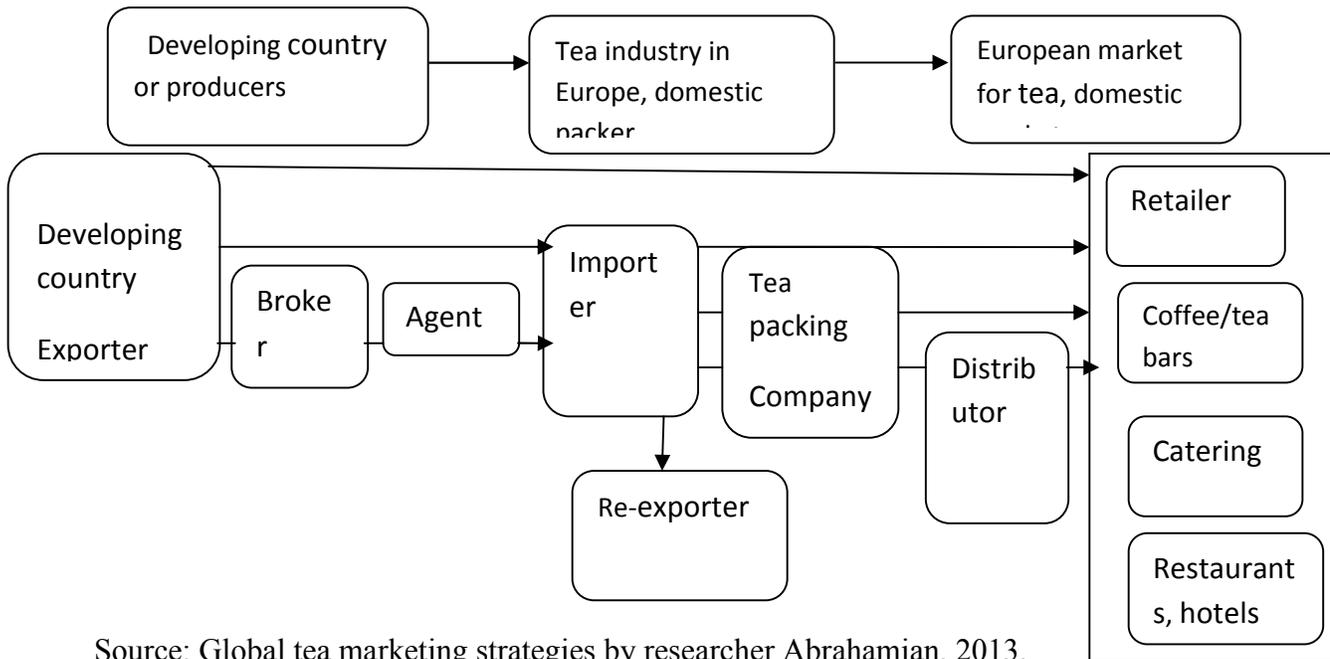
Marketing strategies and tactics are concerned with taking decisions on a number of variables to influence mutually-satisfying exchange transactions and relationships. Typically, marketers have a number of tools they can use, these include mega marketing (Kotler 1996) and the so-called 4Ps of marketing (McCarthy 1995), among others. Marketing seems easy to describe, but extremely difficult to practice (Kotler and Connor 1997). Organizational managers in many firms have applied the so-called marketing concept, which may be simple or complex. The marketing concept and variants like the total quality management concept for example, are essentially concerned with satisfying clients “needs and wants beneficially. Developing and implementing efficient and effective marketing strategies which incorporate relevant dimensions of the marketing concept involve the organic tasks of selecting a target market (customers/clients) in which to operate and developing an efficient and effective marketing ingredient combination. Marketing thought, with its practice, has been moving speedily into the industry (Kotler and Connor 1997). Marketing is one of the salient and important organic functions which help to manufacturing organizations to meet their business challenges and achieve set goals and objectives.

Tea marketers can differentiate themselves only in terms of promotional activities they undertake to attract more customers, some level of price difference is located close to one another, location so that access to a majority of customers is easy and quality of product which may refer to tasty or inferior. Quality inferior has been cited as major threat in the industry. This happens when unscrupulous producers make a poor product process deliberately as to increase volume and consequently make more money. However, this action is considered

dangerous to the customer and the marketers since the producers may end up with inefficient product due to the poor in quality that affects the demand for the product. As a result of this ownership structures, competitors are free to set their own prices depending on their cost structures, market forces in their own areas and business operations.

**2.1.6. Market Channels and Segments**

Kiprotich, 2012 states that tea is either traded through auctions or through private sales. According to him big producers such as China, Vietnam and Argentina sell their teas through private sales. Other producing countries such as Kenya, Sri Lanka, Indonesia and India have an auction system in place. Understanding the total tea value chain may help exporters to estimate their risks and opportunities and adapt their marketing strategy channels accordingly see figure 2.1.



Source: Global tea marketing strategies by researcher Abrahamian, 2013.

**Figure 2.1 Tea Marketing Channels**

## **2.2. Empirical Review**

### **2.2.1 High level of Vertical Integration**

The tea value chain is characterized by a high level of vertical integration meaning that major companies control various production stages upstream and downstream, including the ownership of plantations and manufacturing operations. Tea is generally exported with minimal processing to importing consumer countries, where it is blended and packaged. Auctions are the key to trade roughly 70% of global tea production is traded at auctions. Mostly small companies, selling their own brand, process the rest of the tea through private sales.

### **2.2.2. Quality Standards in Domestic and International Tea Markets**

While tea traded internationally needs to comply with mandatory standards (e.g. EU's food safety and labeling regulations), quality standards imposed by major private companies in key markets have increasingly important implications for export of tea products from developing countries (Larsen, 2011). According to Larsen (2011), the role of quality standards in shaping access to domestic and international tea markets should be understood in relation to two new tendencies. Firstly, in a context of overall slow growth of tea consumption, notably in traditional tea importing countries in Europe, product differentiation and conformity to new generations of quality requirements represent an important source for large tea manufacturers to stimulate demand and maintain their market position.

New strategies aimed at adding value and market more differentiated tea products include development of products such as decaffeinated and flavored tea (tea blended with fruit, spices, or herbs), branded tea, instant tea and promotion of tea with geographical indicators. Meanwhile, there has been a constant deterioration and adaptation in the quality of tea and many tea qualities have become interchangeable and bought according to prices (Larsen et al, 2011). This is partly because of new trends in blending and the development of crush, tear and curl (CTC) tea used for tea bags.

Major tea manufacturers have become decreasingly dependent on particular quality attributes of tea coming from specific origins, as they are able to compensate for changes in tea type by blending with other teas (Asian Development Bank, 2004; SOMO, 2006). Thus, (global) tea manufacturers are competing to maintain market share, and the emphasis is on the one hand on the supply of relatively low quality bulk tea for blending and on the other hand on 'niche market' with premium priced, high quality products and this has increased the value of such tea.



According to Oxfam, (2002: 37), branded leaf tea may command a price six times higher than bulk tea for blending, and price spreads between high and low quality tea seem to have increased recently due to increased production worldwide and demand for higher quality tea (SOMO, 2006; Technical Centre for Agricultural and Rural Cooperation ACP-EU, 2005).

A second related tendency is that private vertical coordination systems are growing as a response to consumer demand for quality and safety. The tea supply chain has become shorter and more dominated by a small number of large brand manufacturers, who are active in re-shaping the functional division of labor along the supply chain and strongly influences price movements at tea auctions in producing countries and demand for certain qualities of tea (Gibbon, 2006). Several of the leading brand manufacturers are vertically integrated into tea estates and packing and also upstream into shipping and transport and, although auctions currently account for the largest proportion of tea trade in major producing countries, tea is increasingly sold through direct sales agreements between packers and producers as packers are bypassing auctions and dealing direct with producers (IPAR, 2001).

### **2.2.3 Tea in Ethiopia**

The fact that many scientific evidences proved that tea does have various medicinal importance in that it is helpful in the prevention of cancer, dental cavity, cardiovascular risk, and enhancement of memory and mental performance etc, its consumption has been grown year after years opening a very vast market opportunity for companies who have engaged in the sector.

Ethiopian tea (ET) is some of the best quality tea in the world due to having a great opportunity of fertile soil and cheap labor force. Ethiopia's current annual tea production from three private estates such as Wushwush and Gumaro tea estate owned by Agri-ceft and Chewaka tea estate are producing approximately 9,000 tons of black tea per annum. The total area covered by tea plantation is 2,700 ha and the country only produces black tea but has potential to grow all types of tea. Investment potential exists in large-scale commercial tea production and modern tea blending and packing industries. The tea industry in Ethiopia has been lacking investment. The Government has been proactive to increase private investment in tea plantations (Ethiopian Investment report, 2011).

In Ethiopia, those two companies's engaged in the sector of tea producing covers the local tea consumption in tea market through the country with more than 60 % market share. But both

companies have very low contribution in tea export marketing. There are about 14 small tea packers and marketers in the country with very low market share less than 3 % in average. They are purchased raw material in bulk from the above two tea grower company's and importing from abroad to pack and sale in value addition (company annual report, unpublished).

#### **2.2.4. World Black Tea Trade**

Both developing and developed countries play a main role in the tea trade especially the major producers of developing Asian and African countries, who trade their tea as a commodity with a lower level of value-addition (Ariyawardana, 2001, 44). But the non-producing developed countries take the main advantage of the trade by adding more value to the basic commodity. This type of trading has developed along colonization, as a majority of the producing countries were once colonies of the UK, the greatest Vat producing country in the world. However, Sri Lanka has taken a lead in breaking away from this colonial trade pattern and has given great emphasis to adding value to tea in the producing country. But, as indicated above, increased multinational involvement in the tea industry negatively influences the developing countries by preventing them from gaining a reasonable share from the tea trade.

In 2003, Kalu illustrated that, there are seven major black tea producing countries in the world. They are: Sri Lanka, India, Malawi, Kenya, Indonesia, Tanzania and Zimbabwe. Turkey, Argentina, Iran, Nepal and Bangladesh also produce black tea, but in smaller numbers relative to the major countries. Black tea is traded in several auction centers located in different parts of the world to distribute and market locally and international in the form of export and import terms (Kalu 2003, 5). The auctions across the countries are Sri Lanka (Colombo auction); India (Calcutta, Coimbatore, Cochin, Guwahati, Coonoor, and Siliguri); Bangladesh (Chittagong); Indonesia (Jakarta); Kenya (Mombasa) and Malawi (Limbe).

#### **2.2.5. Tea Exports**

Throughout the world, four countries play a dominant role with almost 75 percent of the world tea export share in 1998 (ITC, 1999). These are: Sri Lanka (21 percent), Kenya (21 percent), China (17 percent), and India (16 percent) (ITC, 1999). Among these leading exporters, Sri Lanka, India and Kenya act as black tea exporters, whereas China acts as green tea exporter. The

important feature in both India and China is a declining export volume due to increasing domestic consumption.

In 1998, India and China consumed approximately 74 and 67 percent respectively of the tea from their total production. However, both Sri Lanka and Kenya have a very low domestic consumption of tea and, in the same year, consumed around 9 and 4 percent only of their total tea production respectively. This illustrates that the dominant role of India and China in tea exports will decline in the future. But similarly to Sri Lanka, the very low domestic consumption in Kenya will play a main role in world tea export, and Kenya will become the main competitor for Sri Lanka. The high in product quality plays a significant role in world tea market and for charging high price.

Tea export earnings over the period 1980 - 2011 have experienced fluctuating upward trend. This consequently affects the profitability of firms in the sector and therefore, farmers' earnings (bonus) ( Muthamia & Muturi, 2015).

## **2.2.6. Determinants of Tea Marketing:**

### **2.2.6.1. Price Determinant**

Unlike most primary commodities whose prices are determined in futures exchanges, tea prices are established at auctions. No commodity exchange has ever traded tea futures. The feasibility of launching a tea contract has been examined repeatedly (John, 2004). The main determinant for the growth of the global tea economy is demand for the commodity.

The analysis of demand for tea carried out by the Secretariat of the intergovernmental group (IGG) on Tea in selected markets indicates that both black and green tea is price inelastic (FAO, 2015). Price elasticity for black tea vary between -0.32 and -0.80, which means that a 10 percent increase in black tea retail prices will lead to a decline in demand for black tea between 3.2 percent and 8 percent. Estimate for prices elasticity for green tea range between -0.69 and -0.98. Similarly, a 10 percent increase in green tea retail prices will lead to a decline in the demand for green tea of 6.9 percent to about 10 percent (FAO, 2015).

International tea prices, as measured by the FAO Tea Composite price, increased consistently until 2012. In 2013 the average price declined by 2.5 percent to 2.79 USD per kg and further

declined by 5.3 percent in 2014 to 2.65 USD per kg. The decline in 2013 and in 2014 was exclusively due to the weakening of CTC tea prices, as Orthodox prices continued to increase firmly, underpinned by a strong growth in demand in traditional orthodox tea markets of the Near East and the Russian Federation. Hence, the fall in the FAO Tea Composite price has been moderated by the strength of orthodox tea prices.

The IGG on tea cautioned producers not to overreact to the buoyant prices and advised that greater effort be directed at expanding demand, particularly in producing countries where per capita consumption was low compared to traditional import markets. The IGG also encouraged diversification into other segments of the market, such as organic and value added teas, and greater support to the tea smallholder sub-sector.

After long periods of sustained growth, black tea production actually declined in 2008/09 before recovering in 2010/11. However, prices remained firm and although they declined in 2013 and in 2014, they remained much higher than the historical average over the previous two decades, both in nominal and real terms.

#### **2.2.6.2. Determinants of Quality Product**

Quality is not a new management philosophy (Rashida, 2014). It is as old as the Scientific Management of Taylor. References to quality may be found in Taylor's, (1910) advocacy of attaining performance by coaching the workers. Taylorism was more of importance to the stakeholders, may be considered as the perspective of customers. According to Frederick W. Taylor, The principal object of management should be to secure the maximum prosperity for the employer, coupled with maximum prosperity for the employee (Taylor, 1947). As has been viewed by many a Quality guru, the indicators of quality is customer satisfaction, fitness for use or conformance to specifications. Costs of quality refer to the costs of poor quality. Gryna et al. (2007) defines this as, the annual monetary loss of products and processes that are not achieving their quality objectives. Poor quality tea product affects its domestic and international marketing. Quality tea products can be determined by its agricultural practices and manufacturing processes (Ethiopian Standard Agency or ESA, 2012).

### **2.2.7. Challenges and Constraints to Marketing Performance and Expansion**

According to the World Bank, 2004, among the many constraints identified by the enterprise that limit its market and potential for expansion, the key constraints are:

- Insufficient supply to meet market demand
- Need to address varietal improvement and better practices
- Improper management practices
- Adequate extension and planting materials provision to out grower schemes, and
- Need for better quality packing material
- Lack of information and infrastructure are the major constraints that affect the company's to market their product (in foreign and domestic market).

### **2.2.8. Opportunities and Threats Identified by the Private Sector**

#### **2.2.8.1. Opportunities**

The World Bank, (2004), illustrated the opportunities and threats of the private sector as:

- Ample demand for coffee, tea, horticultural products

According to the World Bank, (2004), there exists many niche markets for a wide variety of products, most of which could be produced by one or the other farms. In most cases the problem is not the market but it remains to be the question of competitiveness and/ or economies of scale.

- Suitable agro -ecological factors

This opportunity gives all - year - round production capability. Generally, this is an advantage over many other competing countries. The untapped natural resources promise a very successful commercial agribusiness more than anything else, as far as agriculture is concerned.

- Strong business image for Ethiopian coffee, horticulture, vegetables and flowers in the European markets Ethiopia is very well known in some parts of Europe especially for her green beans, climbing beans, cut flowers, okra, melon and passion fruit. There is demand for these Ethiopians products during a particular period and a great volume is re-exported.
- Market Opportunity: Ethiopia is endowed with abundant agricultural resources and has diverse ecological zones (U.S. Commercial, 2012). In 2009, the GOE shifted its agricultural policy focus towards encouraging private investment (both domestic and foreign) in small, medium, and larger-scale commercial farms (defined as farms of 100 to 500, 501 to 4,999 and 5,000 hectares or more respectively). The U.S. Commercial, 2012

stated that the Ministry of Agriculture (MoA) created a new Agricultural Investment Support Directorate and charged the new office with negotiating long-term leases on over seven million acres of land for these commercial farms. The new Directorate's goal is to boost productivity, employment, technology transfer, and foreign exchange reserves by offering incentives to private investors.

According to (Scott, 2006), the tasks of marketing opportunity assessments include:

- i. Conduct an internal assessment of the firm's readiness to initiate international business activity.
- ii. Assess the suitability of the firm's products and services for foreign and domestic markets.
- iii. Systematically identify the best markets to target with the chosen product(s) or service(s).
- iv. Estimate the industry market potential, or the "market demand", for the product(s) or service(s) in selected target markets.
- v. Screen and select qualified business partners, such as distributors or suppliers.
- vi. Estimate the company sales potential for each target market.

#### **2.2.8.2. Threats**

The World Bank document report of, (2004) also stated the threats of private sector as:

- Lack of financial and technical assistance to private investors

The situation most of the private investors have faced is different from what is predicted during the prefeasibility stage. Consequently, the projects are left with a financial position for which adjustment of loan repayment schedule and additional capital injections are not only required but also seem to be indispensable.

- Inadequate cooling chain and cargo handling

Obviously, such post harvest handling practices as maintaining the desired temperature of the product have a direct relationship with its value. Reportedly, competing countries, in addition to their proximity to the market, enjoy the advantage of many and frequent passenger flights.

- Increase in the level of production of competing countries

Due to a strong support to the private sector gained from governmental & nongovernmental organization.

- Inadequate variety selections and development program for improved products crops.
- Inadequate testing and registration of agro - chemicals and commercial and organic fertilizers for coffee, tea, vegetable, and horticulture crops.

- Increasing cargo freight cost for horticulture export products.
- Poor quality of the packing material. The only one carton factor at Wonji could not produce packing material as per the market requirement and this becomes a major constraint.

### **2.2.9. Meeting the Challenges: A road map**

The World Bank, 2004 suggested that in sum, while the specific issues facing the different sub-sectors including coffee, tea, floriculture and horticulture, differ, there are several cross-cutting challenges that concern those sub-sectors. The overview provided in the study according to the World Bank, (2004) suggests that a future road map for those sub-sector developments should focus on the 5I's: investment, infrastructure, institutions, innovation, and inputs.

**Investment:** The first cross-cutting issue concerns the need to increase the level of marketing and investment in expansion through having those opportunities and removing the disincentives in place and making the business environment more attractive for the private sector.

**Institutional Support:** Second is the need for an enhanced institutional environment that provides support to the sector. The Kenyan case demonstrates that all three of the core functions of production, logistics, and marketing require concerted public sector support and an active public-private partnership. In Ethiopia, a dedicated support agency such as the HCDA does not exist, nor is there a corresponding department in the Ministry of Agriculture that is actively engaged in the sector (World Bank, 2004). Similarly, the commitment to establishing a national level institutional response, such as KEPHIS in Kenya, to ensuring the compliance of Ethiopia's industry to the increasingly stringent quality and food safety standards of the European market has yet to emerge.

**Infrastructure:** Physical and Technical Capacity. Third, there is a need to develop the basic infrastructure—roads, power, and water—to enable the expansion of the industry; to develop and improve the packaging industry product; and to increase the technical capacity of producers (core competence) and those in the handling function.

**Innovation:** Fourth, because this is an industry that relies on constant change and improvement to maintain competitiveness, further effort must be made in those sector and, to a greater extent, in fresh produce to foster innovation in the product lines. This requires a closer linkage between agricultural universities and colleges, and the private sector in the identification of new products or improving existing ones to diversify the product.

**Inputs:** Fifth, the provision of inputs, in particular planting materials and cost effective chemicals, is a critical issue.

### **2.3. The Research Focus**

This study was aimed to identify the challenges and opportunities of East African Agri-Business tea marketing related the marketing mix activities. The study focused on marketing mix and strategy concepts, opportunities existed to the company and the management decisions towards EAABC. EAAB is a family of East African Group Company.

#### **2.3.1. Company Back Ground**

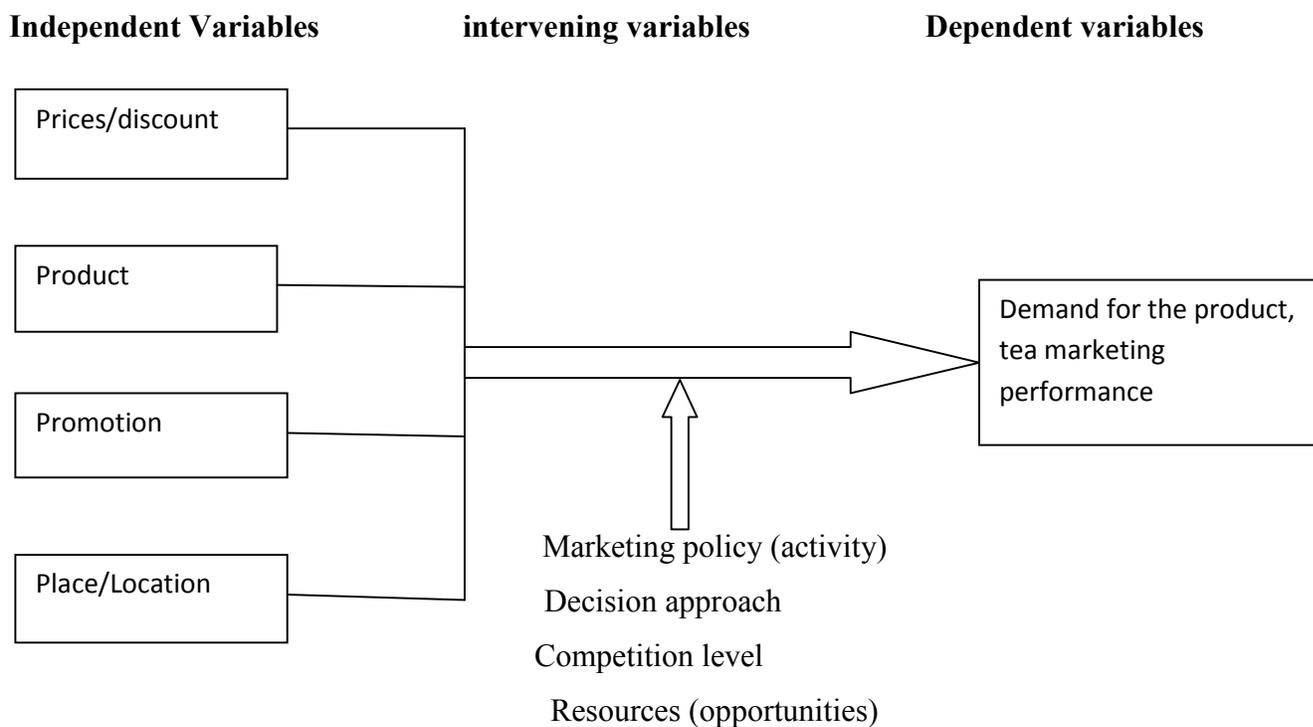
EAABC is growing tea, manufacturing, blending and packing, and marketing in both local and international market business. The company has engaged in tea business in 1980. Originally, the company has started its tea business by importing loose tea from Kenya and Indonesia later buying from the government owned tea estates but now owned by a private company (Agri-ceft, the Midroc family. Based on the availability of suitable land for tea plantation, East African Agri-Business (EAAB) Company planned itself to establish tea farm after intensive study was made in tea development and its market strength. In 1998, a company established tea estate farm and manufacturing with a fully paid up capital of Birr 39 million at SNNP region of Sheka Zone.

A company also established tea processing, blending and packing factory at Dukem Town of Oromia region. The company is processing the CTC black tea, pack and marketing different products in the country. The company also plays an important role in contributing labor employment through the country as tea growing and processing is based on labor extensive (company profile and annual report).

#### **2.3.2. Conceptual Frame Work**

The major issue for this study was to identify the challenges and opportunities of tea marketing in EAABC in the extent that the marketing mix management tool is applicable to the retail of tea market. The 4p's have particular significance to marketing of goods but have been criticized as inadequate in the marketing of services. It also suffers from the inability to look at marketing as a relationship tool. To view marketing from the customer's perspective and tea marketing performance, however, this tool has wide application and is to be tested in the context of tea marketing in EAABC. Relationship between the 4 Ps was determined and their interaction effect explained see figure 2.2.





**Figure 2.2 Conceptual Framework**

**Source:** Researcher (Kiprotich, 2012). Effects of 4ps Marketing Mix on Sales Performance.

### **2.3.3. Summary of gap to be filled by the Study**

This study intends to investigate the relationship in the context of tea marketing in EAABC with the concepts of marketing. The study was explain the concepts of marketing strategy and how marketing mix (4P's) used in practices. This study identifies the challenges and opportunities of tea marketing in EAABC. The marketing mix elements, opportunities existed to the company and the management decisions are analyzed and presented to found the challenges that the company's faced. The new results which not touched by earlier researchers obtained and discussed in detail. The gaps filled in providing solutions to the problems through recommendations of appropriate marketing strategy in this study. Tea marketers in EAABC provided information along effective marketing strategy to plan and ensure market success.

## **CHAPTER THREE**

### **RESEARCH DESIGN AND METHDOLOGY**

This chapter deals with the methodological approaches used in conducting this study. It presents how the research was designed, population and sampling techniques considered, and types of data as well as instruments employed for data collection. Moreover, procedures of data collection and methods of data analysis are also addressed in this chapter.

#### **3.1 Research Design**

This is a survey type of research which followed mixed approach. Both quantitative and qualitative analyses are used to conduct the market study. Towards providing answers to the questionnaires considered in the research and thereby achieving the objectives of the study, data have been collected from randomly selected respondents found in Addis Ababa and Dukem tea factory. In addition qualitative information have also been gathered from the management, wholesalers and employees of the company under the study and analysis has been carried out using the 4ps of the marketing mix as framework.

#### **3.2 Data Processing Method**

Bryman (2001) refers to a research method as a technique for collecting data and Mouton (2001) highlights the importance of methodology as a procedure that a researcher uses to condense, organize and analyze data in the process of undertaking scientific research. In this research, both quantitative and qualitative approaches were used.

Quantitative method was used to determine the quantity that was linked to the research problem in the case study area. The rationale behind using qualitative methodologies, in addition to quantitative data, was to increase understanding about the marketing dynamics, procedures and perceptions of customers and employees in the case study areas about Challenges and opportunities of tea marketing in East African agribusiness private limited company.

#### **3.3 Target Population, Sample size and Sampling Techniques**

Kazerooni, (2001) recognizes that it is not possible for every member of the entire population to be studied and measured and recommends that a sample be studied and goes ahead to define a sample as a sub- set of study populations used in a research. (Kothari, 2004) defines sampling

design as the technique or procedure the researcher would adopt in selecting items for the sample. The target population for the study comprised Sales, marketing, production and support department staff, Managers of the company and Wholesalers.

Besides, in a study on how to estimate population and sample size for, Yamane (1967:886) provides a simplified formula to calculate sample size and assumed the equation as:

$$n = \frac{N}{1 + N(e)^2}$$

Where n is the sample size, N is the population size, and e is the level of precision sometimes called sampling error will be considered 5% from the true population. Therefore, this equation was used for this study.

The total number of population for survey questionnaire targeted sales, marketing, production, support department staffs and wholesalers were selected for this study are about 180 and the sample size will be:

$$n = \frac{180}{1+180(0.05)^2} = 124$$

Therefore, the sample size of this study was 124. So as to reduce such an eventual sampling bias, systematic sampling technique was employed. This technique was used for collecting data through questionnaires using both random and non-random sampling methods from the different target population. Therefore, the sampling interval was determined by applying the formula below:

$$I = N/n$$

Where I= sampling interval

N=total number of population, &

n= sample size

So that,  $I=180/124= 1.5 \sim 2$

The other sampling technique for this study is purposive sampling technique which is used to identify some key informants from the organization. Accordingly, eight company employees were selected in consultation of company manager purposively and included in the study as sources of information. Purposive sampling technique was deployed purposively because of those employees are the major parts in involving tea marketing activity and they have enough information about the challenges and opportunities of tea marketing in EAAB.

### **3.4 Types of Data and Data Collection Techniques**

The survey was aimed at collecting information on challenges and opportunities of tea marketing in East African agribusiness private limited company. Data was collected from those sampled areas such as Dukem tea blending and packing factory, wholesalers and head office. Semi-structured questionnaires (see appendix 1) for interview were employed.

So as to meet the already stated research objectives and answer major research questions, a wide range of data will be collected from both primary and secondary sources. Accordingly, first hand information was obtained through the above mentioned instruments while second hand information was collected through analysis of the existing documents, such as books, journal articles, websites, performance report papers, annual bulletin, research papers and etc.

#### **3.4.1 Procedures of Data Collection**

In order to conduct data collection, both semi-structured and questionnaire survey were used. Self-administered questionnaires were distributed to the randomly selected samples in Addis Ababa and Dukem tea factory.

Semi-structured interviewing doesn't require a rigorous interview guide or highly structured response categories. The interview around a set of pre-defined questions, which are presented to the interviewee in order to guide the conversation and obtain detailed information to answer the research questions.

The purpose of the interview was therefore to understand the number of issues or challenges' regarding the implementation of tea marketing activity in EAABC and their impacts on company's marketing performance. In this research, interviews were carried out with company employees four from Dukem tea factory and four from head office. Selections were made in consultation with company manger. Based on his suggestions, the researcher approached the selected interviewees with prepared semi-structured questionnaires see (Appendix 1).

Questionnaire survey is also deployed to collect data. It is a highly structured data collection technique (Bryman, 2004). The questionnaire was used in a mixture of open and closed –ended questions based on the key objectives of the research (See Appendix 2).

The questionnaire covered the challenges of tea marketing concerning marketing mix, company's opportunity and the company's management decision related tea marketing (see

appendix 2). The questionnaire was initially prepared in English versions and translated into Amharic version to make the questions understandable for those respondents who are not able to read the English version (See Appendix 3). Of the total distributed questionnaires, 100 percent had been collected after being filled by the respondents and the data gathered were entered into computer and as a result the raw data set for the study has been created.

Reliability testing or pre-testing of questionnaire was done having 20 people in order to see if the question sets are understood and address the problem under investigation.

### **3.6 Data analyzing Techniques**

As mentioned under Section 3.5 the major types of data collection tools that were used in the study includes personal interviews and survey questionnaire. The raw data that was collected from both primary and secondary sources through the aforementioned data collection tools were subsequently edited and tallied manually; and entered in to computer software program of MS-excel. The analysis process was also made by making use of frequency distribution tables, percentage, charts and other descriptive statistical methods. The data gathered were coded and arranged in the manner that the reader could easily understand and also the findings of the study were adequately stated.

### **3.7 Ethical Consideration**

Information about the importance of this study was addressed by the researcher to the respondents for understanding of the subject. The ethical considerations include the following:

- To obtain consent for participation of respondents and gate keepers.
- Maintaining anonymity of respondents willing to participate. It is important due to the sensitive nature of this research as some aspects of the investigation would be secret into the respondent's privacy.
- Promising not to publish or release material or data to persons, groups and agencies not connected or involved in the conduct of this research without prior due authorization of the respondents.
- Refraining from giving any part or parts of research material such as photographs, video recording and audio-tapes used at any stage of data generations from this study, for publication, prosecution or advertisement without written permission from the subjects.

## CHAPTER FOUR

### RESULT AND DISCUSSION

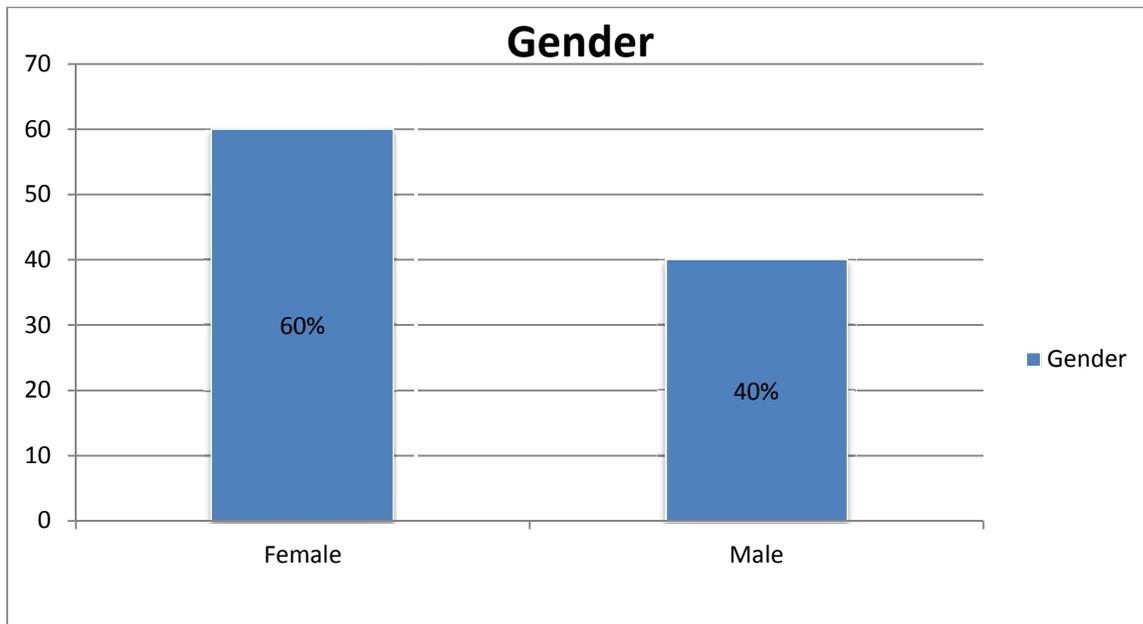
This chapter deals with analysis and presentation of data collected in the study area. The results are analyzed, presented, and discussed in a tabular, percentage, and graphical order. Moreover, it has been presented in line with the EAABC tea marketing challenges and opportunities of its findings and other related issue based on the focus of the study.

#### 4.1 Demographic and Personal Profile of Respondents

In terms of personal characteristics, all respondents asked to provide information relating to gender, age, educational level, income, and occupational status.

##### 4.1.1 Gender

The Majority of the sample respondents are female (60 %) while the remaining (40 %) are male. The respondents represented both gender, with females dominating it (See Figure 4.1). This was expected because of the company has more female employees.



Source: own computation.

**Figure 4.1. Percentage of Respondents of the two Genders**

#### 4.1.2 Age

Regarding the age category, 37.9% of the respondents were aged between 18-30, 45.9% between 31- 40, and 16.1% above 40. The majority 62% of sample respondents' fall under the age of above 30. As results shows the company includes all age groups except the age of below 18(See Table 4.1).

**Table 4.1 Distributions of Respondents by Age Category.**

<b>Age category</b>	<b>frequency</b>	<b>Percentage</b>
18-30	47	37.9
31-40	57	45.9
Above 40	20	16.1
<b>Total</b>	<b>124</b>	<b>100</b>

Source: own Computation.

#### 4.1.3 Educational Status

As far as education is concerned, 33.1% of the sampled respondents had the primary level qualification while the rest have completed some level of education ranging from secondary level (43.5%), and the rest 23.4% has received vocational training, diploma and degree from college and university (See Table 4.2). These figures are also significant because educational status determines an individual's or a group's awareness of tea marketing challenges and opportunities in relation to their knowledge, attitude, and skill.

**Table 4.2 Educational status of respondents**

<b>Educational level</b>	<b>frequency</b>	<b>percentage</b>
First cycle and below	-	-
Primary level	41	33.1
Secondary level	54	43.5
Vocational, college and university	29	23.4
<b>Total</b>	<b>124</b>	<b>100</b>

Source: Own Computation.

#### **4.1.4 Occupational Status**

Hundred percent of the respondents were involved in the tea operation activities. About 70.2% of the respondents were tea packers, sellers and marketers the rest 6.4%, 6.4% and 10.5% are the wholesalers; operators; and officers, coordinators and managers respectively. As the study was purposive and the respondents were reliant upon tea operation, all the requested individuals were participated in responded of required information.

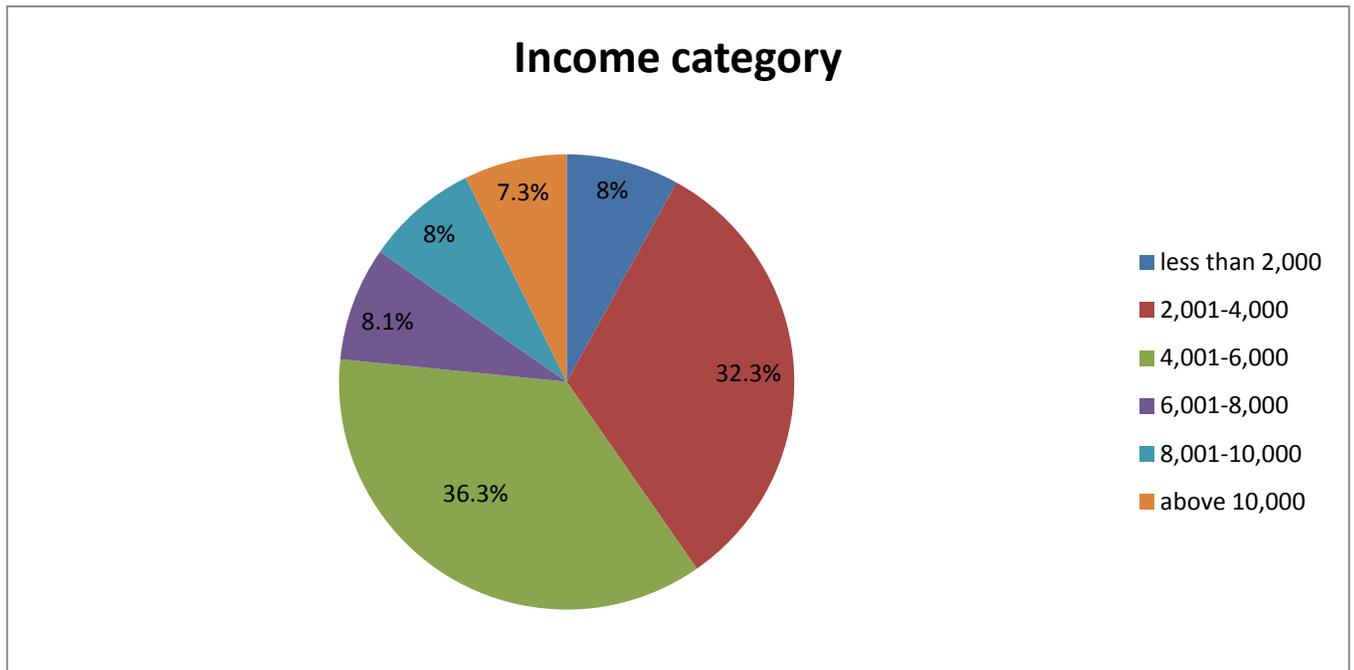
**Table 4.3 Occupational category of respondents**

<b>Occupation</b>	<b>frequency</b>	<b>Percentage</b>
Wholesalers	8	6.4
Packers, sellers, marketers	87	70.2
Operators, mechanics and foreman	8	6.4
Officers, coordinators and managers	21	16.9
<b>Total</b>	<b>124</b>	<b>100</b>

Source: Own computation



#### 4.1.5. Income Level



Source: Own Computation.

**Figure 4.2 Respondent's of Income Category (ETB/month).**

The percentage of people earning less than 2,000 and more than 6,000 birr per month of the sampled respondents were almost the same in number accounted about 7.3 to 8.1% and it is noticeable that a people who earn small and big salary was few in number but a people who earn more than 4,001 to 6,000 were high in number which accounted 36.3 % followed by the income group who earn 2,001 to 4,000 which accounted 32.3%. This shows that the income distribution was unfair especially the income groups who earn more than 8,000 and less than 2,000.

The result of this question proved to be valid as it was in line with the results of the occupation and age analyzed above. Understanding the real consumer demand and preference is the prerequisite to live up to the consumer expectations, therefore any marketing plan should be developed from the perspective of consumers' benefits, embracing both the material and psychological interests.

## 4.2 Challenges of Tea Marketing in EAABC related marketing mix

A successful marketing activity will allow businesses to increase their profits and reach their strategic goals. However, there are a number of challenges that a company will face in putting in place a marketing activity program. This study focused on marketing mix elements to identify the challenges that EAABC faced with it.

### 4.2.1 Challenges of Tea Marketing concerning Products of EAABC

This part will deal with how the products in terms of their quantity, quality or taste, packaging, branding and storing the products influencing the tea marketing performance. Therefore, product is one of the marketing mixes and it is the main objective of this study to find out the challenges of tea marketing in relation with the product and marketing performance. Consequently, the effect of tea product characteristics generated on tea marketing of EAABC was analyzed by examining the respondents' attitude. The following sections provide a brief description on challenges of tea marketing concerning products and marketing of EAABC.

#### 4.2.1.1 Product or Brand Awareness Findings

A successful brand starts with establishing its awareness among consumers. Therefore, testing EAAB products like anbessa, good morning and tea bag brand awareness in the market was the first step in finding out the products aware to marketing to which its brand resonance with consumers has achieved (see Table 4.4).

**Table 4.4 Brand awareness**

Valid	Responses	
	Frequency	Percent
Anbessa or black lion	52	42
Good morning	52	42
Tea bag	20	16
Total	124	100

Source: Own Computation.

AS shown in table 4.4, the majority of respondents chooses anbessa or balack lion and Good morning with 42% of similar sound for both as favorite brand but twenty respondents out of 124 (16%) has chosen tea bag brand as their favorite brand. These result shows that Black lion and Good morning tea brand has been well known and strongly realized in the market whereas the tea bag brand was weak. However, the tea bag brand awareness is weak, the majority of interviews respondents were like tea bag brand than Black lion and Good morning brand by its quality tea and packaging in terms of its safety and attractiveness.

In the interview question, six respondents out of eight said that Black lion and Good morning brand awareness was strongly created in the market for long period before the year 2011 and then down continuously because of their poor in quality of tea products and consumers interest to buy the product was decreased. Han, (2014) argued that keeping brand reputation is a tool for marketing communication that enhancing consumers trust. This implies that once strongly created brands should be kept unless it is difficult to get once lost and to create new customers.

The results from the analysis shows that the tea marketing of EAABC was caused by poor quality of tea for Black lion and Good morning brands which resulted in loss of existing customers and its brand reputations since 2011 whereas the tea bag brands perceived by people were quite good in terms of its product quality but it is weak by its brand awareness. Therefore, the cause of poor quality of products on both brands and weak brand awareness for tea bag products are the main challenges of tea marketing for the company.

#### **4.2.1.2 The Company Tea Supply or Volume in five years (2011-2015)**

This part of the study has indicated the volume of tea that helped to find out the challenges of tea marketing in EAABC in terms of tea supply. The results from the survey questionnaire shows that 96% of the respondents were replied as the supply has increased and the remaining 4% responded as fluctuating. Additional data collected from the company while interviewed the production and marketing department shows that the raw material supply from the company's own farm were increased in last five years (2011-2015) see table 4.5.

**Table 4.5 The Tea Supply in five years (2011-2015) in tons**

Year	Quantity (supply)	Percentage (increased)
2011	1,536	
2012	1,198	-28%
2013	1,347	11%
2014	1,709	21%
2015	1,800	5%

Source: EAABC performance report (unpublished)

The above analysis shows that the tea marketing of EAABC has no problem with its tea volume. The supply has increased since the year 2012. It has apposite response in terms of its tea supply.

#### **4.2.1.3 The Demands for EAABC Tea Products in five years (2011-2015)**

The demands for tea is expected to increase worldwide with many countries are the major importer (Sabry, 2004) targeting that consumers are more sensitive to quality than price because health benefit has more credible than the lesser price. The demand estimation techniques would be used according to World Bank, 2014 illustration of collecting databases of sold products or services rendered and calculates the percentage changes.

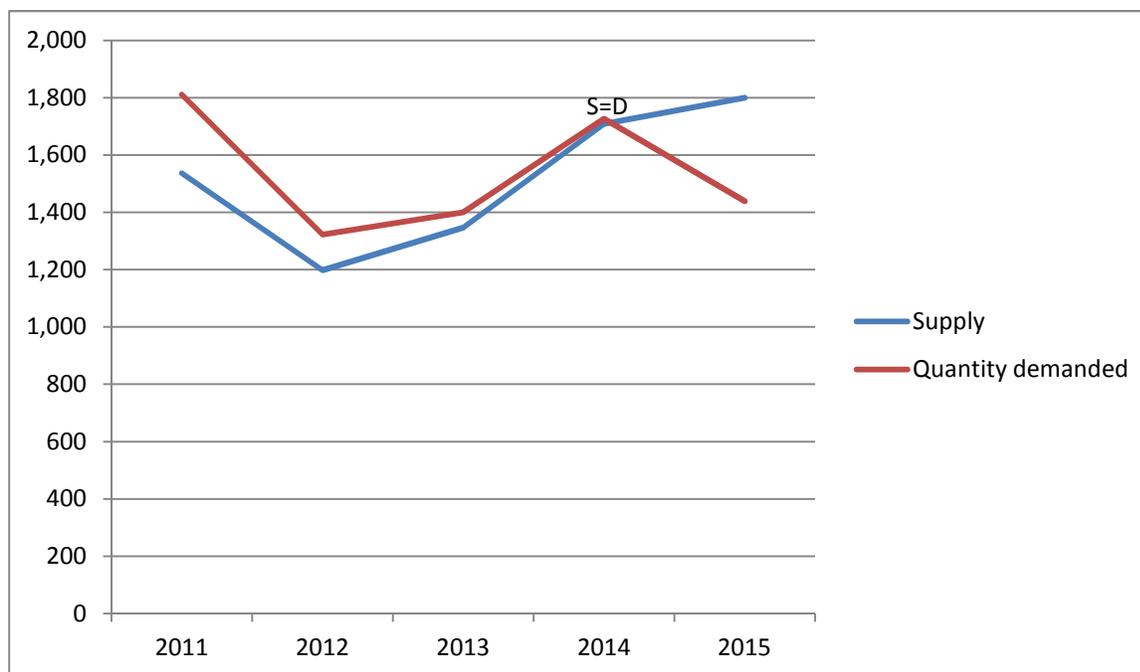
Accordingly, the respondents from the survey questionnaires replied 97% of the responses to demands for EAABC tea product were arrived on fluctuating and the rest 3% were responded as less demanded. The data collected from the company for five years (2011-2015) shows the demand for the product was inconsistent which implies that it was unpredictable see table 4.6.

**Table 4.6 The Demand for the Product in five years (2011-2015) in tons**

Year	Quantity (demanded)	Percentage (change)
2011	1,811	
2012	1,322	-37%
2013	1,400	5%
2014	1,726	18%
2015	1,439	-19%

Source: EAABC performance report (unpublished)

The data implies that the interests of tea consumers to purchase the company products were not good. The above analysis shows that the demand for the company's product was fluctuating. According to the World Bank 2014, demands for tea products are affected by several factors such as product tastes, price, demographic differences and other substitute products. As of the discussions made on brand awareness, poor in product taste is one factor when other things constant to the inconsistent demand for the products of EAABC tea marketing. Consequently, the demand for the company product was affected that incurred challenges on tea marketing performance. Moreover, see (figure 4.3) for the tea supply and quantity demanded.



Source: Own Computation.

### Figure 4.3 Tea Supply and Quantity Demanded for EAABC Products

This figure shows that the quantity supply and demands for the product decreased in 2011 and then increased continuously through the year 2012 to 2014 with the demand for the product exceeds its supply. The company established itself in 2014 both the tea supply and quantity demanded reached at equilibrium ( $S = QD$ ). Since the year 2014, the tea supply exceeds the quantity demanded. This shows that the quantity demanded for the company products strongly affected that was caused by the independent variables and discussed later.

#### 4.2.1.4 The Tea Market Target of EAABC

The tea market target of the company was based on domestic sales which proved by 99% of the respondents and the rest 1% indicated both domestic and international market target. The company was targeted super market, café and restaurant, hotels and retailers. The reasons mentioned by the respondents for not targeted or enter into export market were because of low quality products and lack of motivation from the management and experts.

The company's product market covered only parts of the country in domestic sales which also proved by 78% of the respondents and the rest 18% and 4% were responded as small or narrow and the whole parts respectively. Some respondents were explained the reasons why the tea

markets of EAAB products were not diversified in full domestic market and exporting it. In survey questionnaire, those who mentioned the reason indicated that many competitors were created in domestic market and external competitors were in to cover the niche market like the Kenyan products covered the border market of Eastern part of our country.

The results implies that, the poor quality of tea products that hindered to export the company tea products, high competitors or tea packers in domestic market, new competitors emerged from abroad and lack of motivations affected the company tea marketing to diversify in domestic and international market. Those facts were proved as challenges of tea marketing of the company.

#### **4.2.1.5 The Tea Sales Trend and Market Channel Strategy of the Company**

Tea is either traded through auctions or through private sales (Kiprotich, 2010). EAABC has used a private sales strategy indirectly through outlets or wholesalers to retailers proved by 93% of respondents and the rest 7% responded for both or direct and indirect sales strategy. The majority of respondents also explained that the sales strategy through only outlets or wholesalers to retailer affected the tea market performance of the company as it depends on their activity and not shows any progress. The lack of product distribution channel to cafeteria and restaurants, hotels, super markets and retailers are the gap to the company's tea market. The company has lost additional market and new customers where the outlets were not located.

EAABC has 16 outlets through the country (eight in Addis Ababa and eight in the regions). Those outlets distribute the company products through the country. In interview questions, some respondents pointed out that most of the outlets are not actively distributing the tea products through the country either they actively distribute other sister company products like detergents, soaps, lotions etc. Therefore, the gaps in distributing the tea products through country were not active and that affected the tea marketing of the company. This is another challenge for marketers unless options will be established.

In interview question, all respondents forwarded that the tea export market was suspended since the year 2013. Pakistan is the main importer of the company's product with 2.4 U.S.D per kg in 2013. The respondents mentioned the reason for why it suspend as because of the low product quality, lack of management commitment and the price of domestic sales was raised. In today's

global tea market, the world tea price reached 4 U.S.D per kg with good quality product. The high in product quality plays a significant role in world tea market and for charging high price.

The respondents result generally shows that the market channel strategy used by the company through indirect sales alone with wholesalers were not effectively achieved the company objective. Market expansion in local and export will be needed.

#### **4.2.1.6 The Tea Product Quality of EAABC**

This part will deals us the quality mandatory standards in shaping access to domestic and international tea market. Quality requirements represent an important source for large tea manufacturers to stimulate demand and maintain their market position (Larsen, 2011). The majority of respondents from survey questionnaire (96%) were proved the tea taste of EAABC has not satisfied the required quality standards but few of them (4%) were pointed as tasty. In the interview questions, the company's product quality has similarly pointed as noted in the brand awareness discussion.

(ESA, 2012) argued that quality tea products can be determined by its agricultural practices and manufacturing processes. Those respondents who proved the low quality of the company's products are also pointed as the tea marketing of EAABC has affected in both domestic and export marketing. (Larsen, 2011) also supported that poor quality of products strongly affects domestic and international marketing.

According to the survey question, about 60% respondents were provided the company's product quality standards have competed with local products but not compete with international products. The rest 40% respondents provided that the company's product quality standards haven't competed with both local and foreign product quality. This implies that, EAABC products have competed with the local quality products but far from international product qualities. For example, EAAB products can compete with Agri-ceft company products but not compete with Kenyan, Sir Lankan, Indian, China and other international company quality products.

Now days, companies build themselves at an increasing rate to involve in worldwide market place due to the growth of competition through the world was highly increased and buyers



looked for quality standard certification at prior than price with focus to health benefit. But EAABC product quality has not satisfied market needs in local and export market as mentioned in previous discussions. Therefore, the poor quality products have been identified as the main challenges of tea marketing of the company.

#### **4.2.1.7. Product Packaging, Storage, Development and Design of EAABC**

**Packaging** is the technology of enclosing or protecting products for distribution, storage, sale, and use. Packaging also refers to the process of designing, evaluating, and producing packages. Packaging can be described as a coordinated system of preparing goods for transport, warehousing, logistics, sale, and end use. Packaging contains, protects, preserves, transports, informs, and sells. In many countries it is fully integrated into government, business, and institutional, industrial, and personal use. Consequently, the majority of respondents about (80%) forwarded the packaging's were good and attractive and the remaining 20% were responded as not good and unattractive. So that, the old product packaging's of the company were positively influencing its tea market with need of extension.

In interview questions, all respondents were provided the ideas that product storage for finished goods and raw material would not be free from dangerous and are not conveniently stored for sale and transport. The reason mentioned for this is storage or spacing problem. Shortage of spacing or storage will cause production and sales. EAAB has exposed to this challenge and its tea marketing performance was affected.

The new product development and design of EAAB products were basically based on product line extensions that support existing product lines to expand their range and scope to a larger market segment. However, 52% of the respondents were responded as agreed with the trends of new product development and design for EAAB products were not successfully entered into market based on customer requirements. Some of the respondents mentioned the reasons as the market was not studied and well developed before decisions made to enter into market with new products and then not successful. The rest 48% of the respondents were respond as the new products are successful.

This results implies that expansion of product line is meaningless and impose to costs the company if not market segment would be enlarged. Therefore, EAABC was exposed to

additional costs for procurement expenses, overhead and innovation expenses. The company was remained with old products with no market expansion but the company has enough raw materials to produce more products. The problem of product innovation posts challenges on tea marketing of EAAB and that affected its market performance.

#### **4.2.2. Challenges of Tea marketing concerning prices of EAAB Products**

Tea price dynamics are estimated to capture price evolution and volatility or instability at the key auction markets around the world (Tanui, 2005). The factors used to determine this are: the product quality, packaging, exchange rate and other costs related to geographical distance across the country. The price of EAAB tea products was set by the management decisions as the sales trend experienced through indirect or direct marketing.

##### **4.2.2.1 EAABC Tea Product Price Analysis**

This part deals with the price condition of EAABC tea marketing. Hartley and Rudelins, (2007) stated that customers always went a reasonable price in buying a product or services. The price must however show value of the product for the customer to remain loyal or trust. In survey question, the majority of respondents 75% were replied that the company product price would be the same with competitor's price and the rest 20% and 5% were forwarded as cheaper and expensive respectively.

In addition, the data collected from the company's while interviewed the production, sales and marketing department for five years (2011-2015) of price per kilo gram of its product sold was shows increasing continuously and down since 2013 see table 4.7.

**Table 4.7The price per kg of the product sold in five years (2011-2015) in EB**

Year	price per kg (EB)	Percentage (change)
2011	28	
2012	40	0.3
2013	78	0.49
2014	72	-0.08
2015	69	-0.04

Source: Own Computation.

The price should therefore be set to compliment other elements of tea marketing mix (Dare, 1996). Different countries have different prices with the lowest being at lower product quality and highest at higher product quality. All of the interviewees forwarded interesting issues and they do not want to hide unethical situation being done in tea marketing of EAABC. They said that, in 2013, EAAB has sold tea at very high prices with very low quality of products and after one year the purchase for the company products started to decline and consumers began to complain and shifted to competitor's product.

The company managements may earn high profit through used different conditions happened for time being like shortage of raw material (tea) in the world or country with affecting the users. As the interviewees pointed that, the challenges were generated on tea marketing of EAABC because of imperfect decision of the company management on setting the price of the product while shortage of production was created. This also implies that, affected users has never back to use or consume the company products even if its quality of products and prices are correctly adjusted. Therefore, to get the original users and new customers will be a big challenge for marketers after the company reputation was spoiled. This was proved by all interviewees for EAABC tea marketing.

Moreover, see (figure 4.4) the instability of tea product price of the company during the last five year (2011-2015).



Source: Own Computation.

**Figure 4.4 Price per kilo gram for five years (EAABC)**

The figure shows that the price of the company’s product continuously increased since 2011 to 2013 at a higher rate. Since the year 2013 to 2015, the price of the company’s product was slightly and continuously decreased while the tea supply was continuously increased but the quantity demanded for the product reached unpredictable in 2014. This result implies that the price of the company’s product was inconsistent.

The price of the company’s product and supply shows an inverse relationship while demand for the product depends on many variables like tastes, prices, demographics and etc. Therefore, the tea market demand for the company’s product was affected by its price. After all, the managements tried to adjust the price after the demand for the product was caused. This was evidenced by 58% of the respondents disagreed on adjusting the prices on time, whereas, 42% of the respondents were agreed.

#### **4.2.2.2 Prices of Other Related Products**

Related products can be of two types: (a) substitute products (b) complementary products.

Substitute products are those products which can easily be used in place of each other. For example: tea and coffee, tea and milk etc. If price of coffee increases, people will demand more of tea and thus demand for tea will increase. If price of coffee falls, people will demand more of coffee and thus demand for tea will fall. So, the demand for a commodity is directly related to the price of its substitute products.

On the other hand, complementary products are those products which are used together in satisfying a particular want. Examples of complementary products are tea and sugar, car and petrol, ball pen and refill etc. If we need tea, we also require sugar; if we have a car, we also require petrol to run it. Imagine, if price of petrol rises, what will happen to the demand for car? Demand for car will decrease. If the price of one of them increases the demand for other good will decrease and if price of one of them falls, the demand for the other will increase. So, the demand for a commodity is inversely related to the price of its complementary products.

Consequently, in survey questions, the majority of respondents (85%) responded that the tea prices of the company has not affected by related product prices in both substitute and complementary products. The remaining 15% were responded as it affected. This result implies that the tea price of the company has positively influencing the tea marketing in relation with other related product prices.

#### **4.2.2.3 The Company's Product Quality Relation with its Price**

Charging price has a profound impact on marketing strategy, price elasticity of the product which then affects demand and sales. The price should therefore be set to compliment to other elements of marketing mix (Dare, 1996). The product feature and price relation has an important factor to perform the company objective. For instance, the empirical studies pointed that, the higher quality of products will be charged to the higher prices as peoples are more sensitive to quality than prices to care for health benefit.

In EAABC, 67% of respondents from the survey question were pointed that the company's product quality relation with prices has negatively affected the tea marketing performance. This

is because the higher prices charged for the lower product quality in 2013. Therefore, the tea marketing performance of the company was affected in the following year as consumers refused to buy company's product. The rest 33% of respondents forwarded as the product has positive relation with price.

After all, the company's management strived to reduce the price but no change on its performance. The negative relationship in product quality and price emerge challenges on company's tea marketing performance.

### 4.2.3 Challenges of Tea Marketing concerning Promotion

Promotion involves a variety of activities undertaken by a firm to communicate the merits of its products and to persuade target consumers to purchase it (Hashim, 2011).

#### 4.2.3.1 Type of Promotion

Promotions including activities like advertising, sales promotion, personal selling and publicity is used to communicate benefits of using a product or service so that more customers are attracted to buy. Accordingly, the respondents were ranked the main types of promotions that used by the company see table 4.8.

**Table 4.8 Type of Promotions used by EAABC**

Type of promotion	Responses	
	Number	Percent
Advertizing (radio, TV, brochures)	55	44.4%
Sales promotion (price cut, bonus, gift etc)	69	55.6%
Personal selling	0	
Publicity i.e. news paper, magazine	0	
No use of any promotion	0	
Total	124	100%

Source: Own Computation.

From the results obtained, the company used sales promotion through price cut or discount, bonus at ranked first and followed by advertizing in radio, TV etc. Promotions through public services, personal selling in discovery of supermarkets, retail stores were not used. This shows that the promotions used by the company may not be enough to diversify its products and increase the sales performance.

#### 4.2.3.2 Tea Marketing Performance of EAABC Related Promotion

Promotion has been applied in order to remind users about the product and to increase product demand and market performance. In survey questions, 70% of the respondents were disagreed in promotion efficiency that helped the company. Whereas 30% of the respondents were agreed as the promotion was efficiently used and helps the company in performing tea market.

The promotions used by the company to communicate benefits of using products and to persuade customers purchasing it were inefficient. This is because; the tea marketing performances were affected by other marketing mixes as discussed in previous topics. Promotion is helpful in tea marketing performance while the product characteristics addressed correctly see table 4.9.

**Table 4.9 Product characteristics Fitting Promotion**

Valid	Responses	
	Number	Percent
Agree	30	24%
Disagree	94	76%
Total	124	100%

Source: Own Computation.

Table 4.9 obtained that the majority of respondents disagreed in product characteristics fitting promotion but some of them were agreed. The reasons mentioned by majority of disagreed respondents pointed as exaggerated advertisings in terms of product quality. Therefore, the tea marketing performances were affected in related to promotion with products were wrongly advertized.

### 4.2.3.3 Customers gain from promotion of EAAB products

(Vadarajan, 1990) found out that confusing advertisement led to dissatisfaction of the customer. Other studies however, have recommended an integrated marketing communication (IMC) as a more effective method of promotion. The customer gain from promotion of EAAB products were provided in table 4.10 as below.

**Table 4.10 Customers gain from promotion**

**Are customers gain is good from promotion of EAAB products?**

Valid	Responses	
	Number	Percent
Yes	63	50.8%
No	61	49.2%
Total	124	100%

Source: Own Computation.

Customers benefit from promotion of EAAB products through advertising; discount; bonuses were not satisfactory as the results has no big difference. This result implies that the IMC in company's product was not good as effective method of promotion. Promotions through discounting, bonuses may obtain some gain to customers but advertisings not helped them in tea marketing performance. This is because the advertisings were not sufficient and products were wrongly advertised as good quality.

In survey question, 82% of respondents proved that the advertisings made for the company's product were attractive and the rest 18% pointed as unattractive. This result shows that the advertising for the company tea product would be attractive but confused the users and retailers as good quality of products.

Therefore, insufficient promotions and confusing advertisements imposed challenges and affected the tea marketing performance of the company which results no change on sales improvement.



#### **4.2.4 Challenges of Tea Marketing in EAABC concerning Placement of Products**

Businesses need to decide on the place of purchase or where and how to distribute the product to the customer that will increase marketing performance (Hashim, 2011).

##### **4.2.4.1. Place of Product Distribution**

Tea marketers need to strategically locate their stations for their products so that consumers can easily access to get them whether in town or out of town. For instance, since tea products are demanded by consumers, its supply should be at convenient locations for consumers (along busy highways or roads, near or at center of consumers).

In survey question, 92% of respondents were provided the place where EAAB products distributed are convenient and its distribution is based on the request order. But 8% of the respondents were forwarded as inconvenient. The company's product would be distributed through the wholesalers which located in Addis Ababa and regions to retailers then to consumers.

Accordingly, the place of distribution of EAAB products were satisfied its customer in order to buy the products as they need. The distribution location would be at center or near to customers. The tea marketing retailers and consumers can get the product easily. The location has positive relation with tea marketing of EAABC.

##### **4.2.4.2 Product Availability at Place of Distribution**

Consumer would be satisfied if products are made available at the right time, in the right place and in the right quantity (Hashim, 2011). It increases in the breadth of distribution lead to higher base sales as the wider availability facilitates consumers' ability to find the brand (Bronnenberg, Mahajan, and Vanhonacker, 2000). The company's tea product would be blended and packed in Dukem Town which is located at 40 km far from Addis Ababa (distribution center). Processed products would be transported to the place of distribution.

This study also focused on the effects of distances where the products packed and place of distribution to evaluate the product availability at place of distribution see (table 4.11).

**Table 4.11 Product Availability at Place of Distribution**

Valid	Responses	
	Number	Percent
Available	1	1%
Not available	123	99%
Total	124	100%

Source: Own Computation.

The results from table 4.11 shows 99% of the respondents were proved that products are not available at place of distribution at the right time. The majority of respondents mentioned the reasons as because of the blending and packing factory is far from the market place. This leads the company to high transportation costs. Those respondents also proved that the tea marketing of EAAB was affected by the distances between the packing factory and distribution place and high cost of transportation.

### **4.3 Opportunities in Tea Marketing of EAABC**

Market opportunity refers to favorable combination of circumstances, locations, offering prospects for marketing (locally and exporting), investing or expanding, processing, sourcing, or partnering in domestic and foreign markets.

Marketing opportunities include: marketing products and services; establishing factories or other production facilities to produce its offerings more competently or cost effectively; procuring or sourcing raw materials or components, services of lower cost or superior quality.

#### **4.3.1 Internal Opportunities for Tea Marketing of EAABC**

This part will deal us the internal opportunities for tea marketing of EAAB to understand the components that help the company to improve market situations. Accordingly, the five important internal opportunities were identified by the researcher are company's own farm, low of production cost, fertile and suitable land, modern tea processing machineries, and employee motivations. Those components were proved by 100% respondents to their existence.

A company can gain its competitive advantage with those factors of opportunities. For instance, a company can collect quality of tea leaves from its own farm and suitable tea lands and produce superior quality of products with its modern machineries. Other opportunities of low production costs and employee motivations also play a major role to enhance benefits of the company.

#### **4.3.2 External Opportunities for Tea Marketing of EAABC**

External opportunities identified by the researcher are support from the government, access to labor force, high demand for tea importing countries, low competition, and high customers were selected as most important external opportunities.

In survey question, the majority of respondents about 95% were supported three external factors of opportunities as existed are government support, access to labor and demand for tea importing countries would be the positive factors that the company may use. But 75% of respondents were pointed out that the low competition and high customers were negatively influenced the company. I.e. there is high competition and low customers were existed to the company.

This result implies that the company can use those positive external factors of opportunities to gain market oriented implementation and execute better ways and strategies to bit competitors and target market segmentation that will improve the tea marketing performance of the company. According to Piercy and Morgan (1991) external customer satisfaction cannot be achieved without the fundamental contribution of the customer-contact employees who provide the service to differentiated market place.

#### **4.3.3 Performances of EAABC in use of its Opportunities**

A potentially favorable condition in which a company can capitalize on a changing trend or an increasing demand for a product by a demographic group that has yet to be recognized by its competitors. For a tea market opportunity to exist, a company must be able to identify who its potential customers are, the specific needs that need to be met, the size of the market, and its capacity to capture market share. In effective use of combined internal and external opportunities, a company can achieve its goal successfully.

In survey question, 90% of the respondents were forwarded that EAABC has not used its opportunity effectively and efficiently. Those respondents were mentioned the reasons as the company managements are not capable in identifying the company potentials and acts reluctantly in use of such opportunities. The rest 10% of the respondents were agreed as the company effectively used its opportunity.

The result implies that EAABC was ineffective in used its opportunity. This leads the company into low market share, narrow its market size and the demand for its product has become down. A company should convert its weakness to strengths and threats into effective opportunities to achieve its goal.

#### **4.4 Management Decisions Related Tea Marketing Activity**

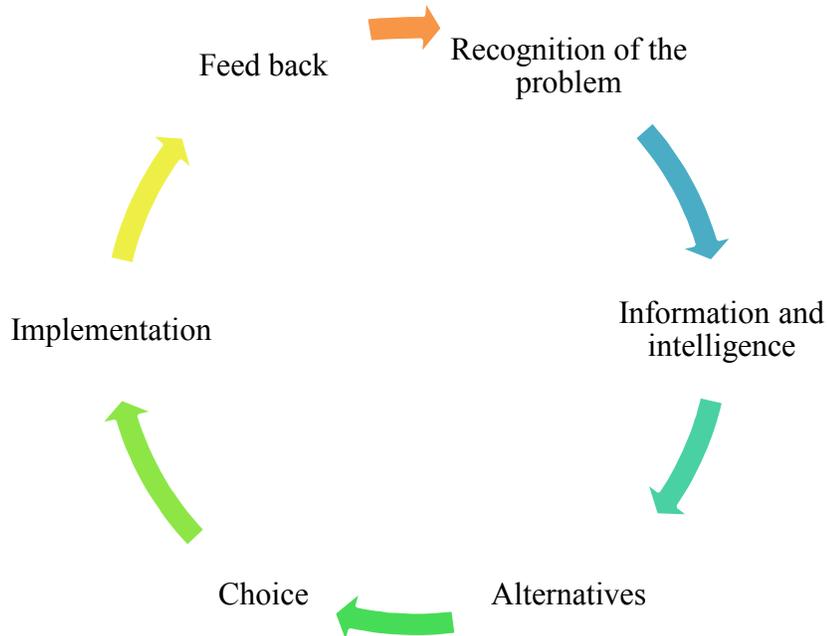
Effective strategic business management decisions bring together the right resources for the right markets at the right time. Timing is crucial. For example, Tesco developed its online ordering and delivery service as internet shopping expanded. The quality of a company's management decision making helps it gain an advantage over competitors. Business decisions must reflect an organization's aims (its purpose), such as to maximize returns for its shareholders. They should also relate to its objectives (its goals), such as to be the market leader in its field. To achieve its aims and objectives, company's management puts in place strategies and good decisions on time.

For example, consider a local bakery that operates a small cafe business.

The café is open from 9am to 4pm, Monday to Friday. Competition from a nearby supermarket and fast food outlets is preventing the café business from growing. What action could the cafe take to increase sales?

The key issue to identify is why customers are choosing other outlets. Is it because of location, price or product quality? Analyzing a problem of this kind needs a systematic approach decision.

A good company's management will follow systematic strategic decisions to achieve its objectives see figure 4.5.



Source: Charters institute of management accounts

#### **Figure4.5. Systematic Approach of Management Decisions**

Talking to customers about what they like, visiting other outlets or customers to see the competition and examining in-house data on costs, pricing, product quality, place and service could provide valuable information.

Based on this research, alternative courses of action might include cutting costs in order to reduce prices, collect fine tea leaves in order to produce quality product, focus on customer needs in order to retain and initiate new customers that promoting the company in different ways. The business management chooses actions based on evidence in support of its objectives. The decision may be a hard one. As a last resort, the bakery may need to exit the cafe market altogether if it cannot combat the competition and increase sales. Monitoring the feedback from, or outcomes of, a decision allows the business to know what is working and what is not, which leads to a new decision making cycle.

#### **4.4.1 EAAB Management Decisions**

In interview questions, the majority of interviewees forwarded that the company's issues which needs decision at most would be made with single rather than by the team of the company management. It is hard to run a company with a single decision (Douglas, McIntyre, Ashley, Allen, Samuel and Michael, 2012).

Moreover, the company’s management decisions related the tea marketing activities which concerns price setting decision, product quality issue decision, location decision, customer focus decision and other leadership concerning decisions in terms of time and its effectiveness would be considered in this research see table 4.12.

In survey question, the respondents were pointed their responses to the management decision related tea marketing activities.

**Table 4.12 EAABC Management Decisions in terms of Time and Effectiveness**

**Do you agree that the company management decision related tea marketing activity is good in terms of time and effectiveness?**

Valid	Responses			
	In terms of time		In terms of effectiveness	
	Number	Percent	Number	Percent
Agree	0	-	26	21%
Disagree	124	100%	98	79%%
Total	124		124	100%

Source: Own Computation.

The result from table 4.12 shows that the company management decision in terms time was very weak as 100% of the respondents were disagreed to the survey question. The company management decision in terms of its effectiveness was also bad as 79% of the respondents were disagreed but the rest 21% were supported as the decision was effective. The majority of respondents explained the reasons to ineffective decision as very late in decision, the decision was wrong (emotional without full information), and mostly the decision was made by a single person with limited focus to the issues.

Generally, the company management decision in terms of time and its effectiveness was worst. Late in decision will cause employee as well as the company objective. Imperfection in management decision is ruin to the company. The worst business decisions lose companies billions in revenue (Douglas, McIntyre, Ashley, Allen, Samuel and Michael, 2012).

Therefore, the tea market of EAABC was affected by the management decision as the decision was worst in product quality decision, price setting decision, customer based decision, and in

leader's role to all activities. The decision was not in a systematic approach rather they decide emotionally and in traditional way. The management imperfection in decision making imposed challenges to marketers and the tea marketing of EAABC.

#### **4.4.2 Employee Motivation of EAABC**

Motivation and performance of the employees are essential tools for the success of any organization in the long run (Dobre, 2013). Motivation in pay attractive salary, incentives, bonus or rewards and other none financial motives such as empowerment and recognition will increase employee commitments and organization performance. On the one hand, measuring performance is critical to organization's management, as it highlights the evolution and achievement of the organization. On the other hand, there is a positive relationship between employee motivation and organizational effectiveness, reflected in numerous studies.

Financial rewards have the capacity to maintain and motivate individuals towards higher performance, especially workers from marketing, production companies, as individual may use the money to satisfy their needs. Therefore, pay has a significant impact in establishing employees' diligence and commitment, being a key motivator for employees.

Nevertheless, employee dissatisfactions caused by monotonous jobs and pressure from clients, might weaken the organizational performance. Therefore, jobs absenteeism rates may increase and employees might leave the organization to join competitors that offer better work conditions and higher incentives. Not all individuals are the same, so each one should be motivated using different strategies. For example, one employee may be motivated by higher commission, while another might be motivated by job satisfaction or a better work environment.

In survey question, about 90% of the respondents proved that motivating EAABC employees with providing better salary, incentive, and bonuses were established by the management decisions but in none financial forces such as empowering and recognition of employee would not be established. The rest 10% of the respondents were pointed that the management decision regarding motivating employee was not good.

However, the company was motivating its employee with pay based on their performances but it needs to work on empowering and recognition of employees that will increase employee's commitment and company's performance.

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSION AND RECOMMENDATION**

#### **5.1 SUMMARY**

The challenges and opportunities of tea marketing of EAABC related marketing mix (product, price, promotion and place) and the management decisions were identified through this intensive study. The significance findings of this research based on its objectives are summarized as:

The challenges identified to the tea marketing of EAABC are:

- The lower product quality
- Lack of product awareness especially for tea bag
- Fluctuation in demand for the product
- Lack of warehouse or storage
- High prices charged to low quality of products
- Inactive participation of wholesalers on tea marketing activity
- Insufficient and confusing advertising
- Lack of product availability due to too far in distance between manufacturing and place of product distribution
- Low in product diversification in domestic and export market
- High competition

The opportunities identified to the tea marketing of EAABC are:

A company has many opportunities in order to increase its potential market are its own farm, low production costs, fertile and suitable land, modern tea processing machineries or factory, motivation of employees, government support, access to labor force, and high demands of tea importing countries were identified as the major opportunities. Ineffective use of those opportunities are also affected the tea marketing performance of the company.

Mismanagement decisions in terms of time and effectiveness are also identified as the other challenge to the company's tea marketing activity.



## 5.2 CONCLUSION

The challenges and opportunities of tea marketing in EAABC related marketing mix, opportunities and decisions are identified and concluded.

The results of this study illustrates that the tea bag brand (product) awareness to address to customer or user is weak whereas Black Lion or Anbessa and Good morning brands are strongly created. But in terms of the product quality, the tea bag brands are satisfying the customers need whereas Black Lion and Good morning brands are poor in taste. Therefore, the lower quality of products on both brands and weak brand awareness for tea bag products are the main challenges of tea marketing for the company.

The tea volume or supply from the company's own farm has a positive relation with its tea marketing whereas the demand for EAAB tea product was inconsistent or unpredictable. The result also shows that the demand for the product was affected because of the lower product quality and high prices charged. Fluctuation in demand for products emerged challenges to tea marketing performance of the company.

The tea market target of EAAB products were focus the domestic sales targeted super markets, café and restaurant, hotels and retailers but covered only parts of the country. The reasons for not targeted the export market was because of the low product quality, lack of management commitment and price raised in domestic sales. The company's product quality was not competing with international product quality standards. Because of the high competition in domestic tea marketing (competition from abroad or Kenya, internal producers and packers), EAAB product market was not diversified and segmented through the whole country. Therefore, the low product diversification in domestic and export market is the other challenges to EAABC tea marketing.

The tea market channel strategy used by the company in distribution of products through indirect sales alone with wholesalers are not effectively achieved the company objectives, because the wholesalers are not actively distributed company products. The company's product distribution channel was depends on wholesalers activity and, therefore, the gap in distributing products to the users like hotels, café and restaurant, super markets, and retailers were the areas of market loss to the company. This dependency were affected the tea marketing performance of

the company as they lost market expansion and diversification through the country. This dependency was another challenge to marketers.

The tea product quality of EAABC was not satisfying customers need in both local and export market. Especially, it was not competed with export product market. So that to enter into international market is difficult with low product quality standards. Therefore, a quality problem was one of the main challenges to the tea marketing of EAABC.

Packaging and proper storage of products should be convenient for distribution and free from any dangerous. The result shows that EAABC was faced to storage and spacing problem, products were not stored properly and difficult for distribution and sales. This problem has also contributed to affect the tea marketing of EAAB.

Customers always went a reasonable price in buying a product or services. The price must however show value of the product for the customer to remain loyal or trust. The result for EAAB product indicating the price were continuously increased until the year 2013 then down. The demand for the product was affected because of the higher price charged to the lower product taste. Therefore, consumers were decreased to buy the product. This problem imposed challenges to EAAB tea marketing performance. But the prices of other related products have no problem with the company's tea product price.

Promotion has been applied in order to remind users about the product and to increase product demand and market performance. From the results obtained, the company used sales promotion through price cut or discount, bonus at ranked first and followed by advertizing in radio, TV etc. Promotions through public services, personal selling in discovery of supermarkets, retail stores were not used. This shows that the promotions used by the company may not be enough to diversify its products and increase the sales performance. Products were wrongly advertized through radio, TV etc in terms of its quality and customers were not benefited from the promotion. Therefore, insufficient promotions and confusing advertisements imposed challenges and affected the tea marketing performance of the company which results no change on sales improvement.

Many researchers indicated a significant relationship between distribution (place) and customer satisfaction as well as marketing performance. In EAABC, the results obtained a positive relationship between the place where the products distributed and customer satisfaction related to access but a gap in product availability was provided because of too far in distance between its

manufacturing and product distribution place. This leads the company to high cost of transportation.

Market opportunity refers to favorable combination of circumstances, locations, offering prospects for marketing (locally and exporting), investing or expanding, processing, sourcing, or partnering in domestic and foreign markets. Therefore, the company's internal opportunities were identified such as company's own farm, low of production cost, fertile and suitable land, modern tea processing machineries (factory), and employee motivations and its external opportunities were support from the government, high demand of tea importing countries, and access to labor force were positively indicated but challenges from high competition and low customer were negatively existed.

A company can increase demand for the product with effective use of its opportunity. But the results obtained that EAABC has not used its opportunity effectively and efficiently because of the company's management are not capable in identifying the company potentials and acts reluctantly in use of such opportunities. This leads the company into low market share, narrow its market size and the demand for its product has become down.

Effective strategic business management decisions bring together the right resources for the right markets at the right time. Timing is crucial. Decisions should be related to company's objective (its goal). The result illustrated that the company management decision in terms of time and its effectiveness was weak. Late and wrong in decision will cause employee as well as the company objective. Imperfection in management decision is ruin to the company.

Therefore, the tea market of EAABC was affected by the management decision as the decision was worst in product quality decision, price setting decision, customer based decision, and in leader's role to all activities. The decision was not in a systematic approach rather they decide emotionally and in traditional way. The management imperfection in decision making imposed challenges to marketers and the tea marketing of EAABC. However, the company was motivating its employee with pay based on their performances but it needs to work on empowering and recognition of employees that will increase employee's commitment and company's performance.

### 5.3 RECOMMENDATION

This section presents important information which is practical for implementing in tea marketing perspectives that will help EAABC to solve their challenges and improving tea marketing performance. Therefore, the following points were recommended to provide solution for the problems obtained are:

- The company's product especially for Anbessa and Good morning brands must be promoted and improved by its quality. In today's world market, standard in quality is a mandatory. Therefore, a company should give attention to its product quality standards that will increase the demand for the product and it can solve many questions or challenges. Quality is an indicator of customer satisfaction and product diversification in domestic and international market that enhances the tea marketing performance of the company. Quality gurus should be established. Tea quality process starts from the farm in plucking standard fine leaves, processing the green leaves to made tea then Packing (value added) and marketing quality products. This study left a question to EAABC, is a company plucking standard fine leaves? Exactly no. Because the poor quality of products have been reflected in many cases. So that quality issue will be solved then segmenting the company's tea product through domestic and export market can be created.
- Product awareness in tea bag brand is important as its quality and packaging satisfied customer needs. This can be done easily through providing product trial to market target without costs for advertizing because its quality has highly accepted by the users.
- Increasing demand for the product. This can be done in improving quality of products, prices and other independent variables that will repair or build the relationship between customers or consumers and company's image. In fact, this needs intensive work or strategy, because it is difficult to return those customers which leaved to buy company's product. So that it is easy to create new customers and then use them to initiate those leaved customers.
- A company should have marketing information and intelligence expert. It is efficient tool to provide the past, present, and future information relating internal operation and external intelligence. This will support a tea marketing activities for decision making toward planning, promoting, and selling products to satisfy customers need and company

objectives. This can solve the wholesaler's ineffectiveness and the company's all activity in tea marketing.

- A company should have enough storage or warehouse and spacing for product distribution and sale. The warehouse must be ventilated, lightened, and free from any dangerous. Finished products must be palletized, free from any contamination and hazards. Packaging of a product is a very important element of product characteristics. It should be attractive and must have the product features or information like date of manufacturing and expire, usages, company name, contents, and etc.
- The prices of the company's product must show value of the product for the customer to remain loyal or trust. Customers always want reasonable price similarly value of the product. The company should focus to customer needs instead of giving attention to temporary conditions.
- Sound promotion would increase sales and profit. The company should use promotions efficiently and effectively through advertizing, sales promotion, personnel selling, and publicity to inform, introduce, remind or encourage customers and, therefore, generate more sales and enhance profit. Wrong advertizing will discourage customers and company objectives. The costs and risk of advertizing is a threat to any company, so that, it is vital to use sound advertizing.
- Place is another important element of marketing mix. Products should be available at the right time, at the right quantity, at the right place where access to customers or consumers to use easily. The company should offer products frequently to the place where distribution carried out to sale more and earn more revenue that will minimize cost. Moreover, the company should develop strategy to minimize or avoid transportation cost and shortage of products.
- The company product should be distributed and addressed to cafeterias and restaurants, hotels, super markets, retailers and other users at reasonable price and good quality of products. Product diversification into other segments of the market will increase the company tea market performance.
- A company can increase demand for the product and tea marketing performance with effective use of its opportunity. Identified internal and external opportunities of EAABC such as the company's own farm, low production costs, fertile and suitable land, modern

tea processing machineries or factory, motivation of employees, government support, access to labor force, and high demands of tea importing countries should be used effectively. The other external opportunities like high competition and low customers can be solved through implementations of the above recommendations.

- The aim of good management is to provide services to the company in an appropriate, efficient, equitable, and sustainable manner. This can only be achieved if key resources are brought together and all opportunities are identified. Incapable, incompetent, and reluctant management never achieve and perform company objectives. Therefore, a company should have capable, competent and strategist management team in order to use such opportunities effectively and achieve the company goals.
- Good management decisions build good relationship between the employee and employer as well as customer satisfaction. It can boost productivity and company performance. Also retain customers and employee feelings to work hard. But EAABC management decision is worst towards decision on time and its effectiveness. The decision was inappropriate and inequitable which was made emotionally and in traditional way. The tea marketing performance of EAABC was caused by management imperfection in decisions (it is too late and wrong decision). Therefore, a company's management should improve the decisions to be on time and use the systematic approach of management decision instead of in emotion and in traditional way.
- A company should empower and recognize employee that will increase their commitment and performance as well as the company objectives.
- Finally, all marketing functions must work together and be coordinated from the company's objectives and customer's point of view.

As far as the objectives of this study and concerned areas were covered successfully, further study area should be identified. Accordingly, some other interesting areas have been identified which necessitates some attention in further research. This area includes the investigation of tea market growth in Ethiopia in relation with other countries and the tea consumption per capita in Ethiopia to determine the total production and domestic demand for tea whether it is shortage or surplus. This study was limited in EAAB tea sector companies.

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## **APPENDIXES**

### **Appendix1: Questionnaire for Interview**

#### **SECTION A: Questions on challenges of tea marketing**

##### **1. Concerning tea product questionnaires**

- 1.1. Do you think that East African Agribusiness Company (EAABC) tea products are active in the market during the last five years (2011-2015)?
- 1.2. What are the challenges faced in the tea market concerning EAABC products?
- 1.3. How do you describe Anbessa; Good morning and tea bag brand regarding its tastes or quality, packaging, brand images as compared to competitor's product?
- 1.4. What are the complaints raised from consumers about the EAABC tea product characteristics?
- 1.5. How long do the purchased tea products of EAABC stay on shelf or in store?
- 1.6. Do you agree that EAABC product packaging and storage were safe and convenient?

##### **2. Concerning tea price questionnaires**

- 2.1. What do you think about the EAABC tea product price in the market during the last five years (2011-2015)?
- 2.2. What do you think about the consumer's satisfaction with the company product price?
- 2.3. What do you think about the competitor's product prices in relation with EAABC tea product prices?
- 2.4. What do you think about the challenges faced on tea marketing in terms of the EAABC tea product prices?
- 2.5. Do you think that the EAABC tea product quality satisfies its price?

##### **3. Concerning promotion questionnaires**

- 3.1. Do you think that EAABC Company made extensive promotion for its product?
- 3.2. What do you think about your customer gain from the promotions made by EAABC Company?
- 3.3. What results were achieved through use of promotion in terms of tea marketing?

3.4. Do you think that the company product characteristics fit its promotion or advertizing?

3.5. What do you think about the challenges of tea marketing in terms of promotion?

**4. Concerning placement of the product questionnaires**

4.1. What do you think about the place where you sale the tea product is relevant or appropriate to your customer?

4.2. Do you think the products are available in the right place, at the right time and in the right quantity?

4.3. What are the challenges faced on tea marketing in terms of placement of products?

**5. Additional questions**

5.1. What do you think in general to overcome the challenges of tea marketing of EAAB products?

5.2. What are the opportunities that can be used to increase the tea market share of the company?

5.3. Do you think that the company managements made appropriate decisions on time in order to improve its product quality or taste, pricing, promotion and actions towards all activities?

5.4. Based on your answer number 5.3, what the results positively or negatively achieved?

5.5. Do you have any other points that affect the company tea marketing performance?

**Appendix 2: Questionnaires for sales, marketing, production, support department, head office and wholesaler staffs.**

In St. Mary University department of business administration in MBA program I'm conducting a study, entitled "Investigating the challenges and opportunities of tea marketing" in East African Agribusiness Company. For this study your valuable information and suggestions are required. These information and suggestions will be proved helpful for the company and managerial activities. All the information provided by you in this regard will be kept strictly confidential. Your cooperation will be highly appreciated.

Questionnaire identification

Questionnaire No ..... Date.....

Name of enumerator: ..... Code.....Town..... Code.....

Area..... Code.....

**SECTION 1: Back ground information**

1.1. Name of respondent.....

1.2. Gender of respondent  01=Male  02= Female

1.3. Age of the household head

01= 18-30 years,  02= 31-40 years,  03= Over 41 years

1.4. What level of education have you attained?

01=First cycle and below,  02=Primary level

03=Secondary level,  04=preparatory level,  05=Vocational school,  06 college or university

1.5.Occupations:  01=officer, head, coordinator, manager;  02 Trade,  03=Forman, mechanic, operator  04= Retired  05=packer, daily labor;  06=others (specify.....)

1.6. Income level: What is your income level? (ETB/per month)

01 Less than 2,000

02 2,001-4,000

03 4,001-6,000

04 6,001-8,000

05 8,001-10,000

06 Above 10,000

**SECTION 2: Questionnaires on challenges of tea marketing concerning the tea marketing mix:**

**2.1. Concerning product questionnaires**

2.1.1. What do you think about the volume of the company's tea product during the last five years (2011-2015) in terms of supply?

01 Surplus or increased in quantity

02 Shortages

03 Fluctuating i.e., one year increase and the other year decrease.

2.1.2. What do you think about the quantity demanded or sold of the company's tea product during the last five years (2011-2015) in terms of demand for the product?

01 Highly demanded

02 Less demanded

03 Fluctuating i.e., one year highly demanded and the other year less in demand.

2.1.3. What are the bases of tea market targets of the EAAB Company product?

01 Domestic or local sales

02 International or export sales

03 Both. If your answer is 01 or 02, explain the reason: \_\_\_\_\_

2.1.4. What do you think about the company's tea market product coverage through the country?

01 wide or covers the whole country

02 Covers parts of the country

03 Narrow or cover only small parts of the country.

If your answer is 02 or 03, what factors that affect to diversify the company's tea market? explain \_\_\_\_\_

2.1.5. Do you agree that the product design and new product developments of EAAB products are successful in the market based on customer requirements?

01 successful

02 not successful



2.1.6. What kind of the tea market sales trend and channel strategy is used by the EAAB Company?

- 01 Direct sells (at factory price) to every buyers
- 02 Indirect sells through outlets, brokers, agents.
- 03 Used Both 01 and 02
- 04 Auctions

2.1.7. Based on your answer number 2.1.7, do you agree that the tea market sales trend of EAAB Company during the last five years (2011-2015) shows progress on tea marketing performance?

- 01 Yes
- 02 NO, if your answer is no, explain:

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2.1.8. Can the tea taste or product quality of East African Agribusiness (EAAB) Company meet the required quality standards and satisfy customers need?

- 01 Yes
- 02 No

2.1.9. Based on your answer number 2.1.9, if your answer is 02, do you agree that the tea marketing of EAABC in local and export market is affected due to low quality of product?

- 01 Yes
- 02 No

2.1.10. Do you think that the product quality standard of EAAB Plc competes with the local and foreign competitor's product quality?

With local competitor's product:  01 Competitive  02 Not competitive

With international competitor's product:  01 Competitive  02 Not competitive

2.1.11. What do you think about the company product packaging in terms of its safety, quotients, and attractiveness?



- 01 Advertizing through radio, TV, internet etc
- 02 Exhibitions
- 03Sales promotion i.e. price cut, bonus, gifts
- 04publicity like magazine, news paper
- 05 Has no use any promotion
- 06 If others, specify \_\_\_\_\_

2.3.2. Do you agree that the company's used promotion for the products help the tea marketing to diversify its products and improving sales performance?

- 01 Agree 02 Disagree

2.3.3. Do you agree that the tea product of EAABC has meet in full character as advertisings' made?

- 01 Agree  02 disagree

If your answer is 02, or disagree, explain: \_\_\_\_\_

2.3.4. Do you think that customers gain good benefit from the promotions made by EAAB Company by selling more products?

- 01 Yes 02 No

2.3.5. Do you think that the promotions or advertisings made by the company were sufficient for its product in order to get more customers?

- 01 Yes  02 No

2.3.6. What do you think about the promotions or advertisings made by the company for its product were attractive?

- 01Attractive Unattractive,

If your answer is 02, explain \_\_\_\_\_

## **2.4 Concerning placement of the product**

4.1. Do you agree that the strategy used by the company to place or deliver the product is as per of the purchase request order?

- 01 Yes  02 No, if you answer is 02 (No), explain:

2.4.2. What do you think about the place where the company products distributed are appropriate and convenient for the customer or users?

01 Convenient

02 Not convenient

2.4.3. Do you think the company's products are available in the market at the right place, at the right time and in the right quantity?

01 Available

02 not available, if your answer is 02,

explain: \_\_\_\_\_

2.4.4. Do you think that the tea marketing of the company was affected due to the place where the company manufacturing and its product distribution place were far to each other?

01 affected

02 not affected

### **SECTION 3: Questionnaires on opportunities**

3.1. Write Yes or No to the following internal factors of opportunities regarding to their existence for the company.

S.NO	Factors or components	Existed
1	Company's own farm	
2	Low of production cost	
3	Fertile and suitable land	
4	Modern tea processing machineries or factory	
5	Employee motivation	

3.2. Write Yes or No to the following external factors of opportunities regarding to their existence to the company.

S.No	Factors or components	Existed
1	High in government support	
2	Access to labor force	
3	High demand for tea importing countries	
4	Low competition	
5	Having high customers	

3.3. Based on your answer number 1 and 2, do you think that EAAB Company used their internal and external opportunities effectively and efficiently?

01 Used

02 Not used, if your answer is 02, explain:

\_\_\_\_\_

3.4. Do you have any other opportunities that can help the company to improve its tea marketing performance?

01 Yes

02 No

If your answer is yes, explain: \_\_\_\_\_

\_\_\_\_\_

#### **SECTION4. Questionnaire related management decisions**

4.1. Do you agree that the management made decisions on time and effective in price setting decision, product quality decision, and customer focus based decision, new product development strategy decisions, and in leading the whole activity to achieve the objective of the company is good?

Decision in terms of time:

01 Agree

02 disagree.

Decisions in terms of its effectiveness:  01 Agree  02 disagree. If your answer is 02, explain: \_\_\_\_\_

4.2. Do you think that the company management decisions in motivating its employee in providing better salary, incentives, bonuses or rewards and other none financial benefits is good?

01 Yes

02 NO, if your answer is yes, explain \_\_\_\_\_

4.3. Do you have any points that affect the company tea marketing performance?

01 Yes

02 NO, if your answer is yes, explain \_\_\_\_\_

**Appendix 3- Survey questionnaire in Amharic**

**የተጠያቂዎች መረጃ**

በቅድስት ማርያም ዩኒቨርሲቲ በብዝሃነስ አድሚኒስትሬሽን የትምህርት መስክ በማስተርስ ፖረግራም “ በሻይ ግብይት ላይ ተጽእኖ የሚያሳድረውን እና አማራጭ ሁኔታዎችን ለመመርመር” በሚል ጥናት እያካሄድኩኝ እገኛለሁ። የእርሶ መረጃ እና አስተያየት ለዚህ

ጥናት ከፍተኛ አስተዋጽኦ አለው። ትክክለኛ መረጃ እና አስተያየት መስጠት ለድርጅቱ እና ለአገር እንድሁም ለወደፍት ጥናት የጎላ ጠቀሜታ አለው ተብሎ ይገመታል። ስለዚህ እርሶ የሚሰጡት ሁሉም መረጃ በጥብቅ በሚስጥር ይያዛል። በቅድሚያ ለትብብረዎት እጅግ ከፍተኛ አድናቆትን እገልጻለሁ።

የመጠይቅ ቁጥር----- ቀን -----

የመዝጋቢ ስም ----- ክ/ከተማ ወይም ከተማ-----  
አካባቢ-----

**ክፍል 1: እውነተኛ መረጃ**

1.1 ምድብ:  01 ወንድ፣  02 ሴት

1.2 ዕድሜ:  01 ከ18 ዓመት በታች፣  02 ከ19-30፣  03 ከ31-40፣  04 ከ41 ዓመት በላይ

1.3 የትምህርት ደረጃ:  01 የመጀመሪያ ሣይክል እና ከዚያ በታች፣  02 አንደኛ ደረጃ፣

03 ሁለተኛ ደረጃ፣  04 መሰናዶ፣  05 ቴክኒክና ሙያ፣  06 ኮሌጅ ወይም ዩኒቨርሲቲ

1.4 ሥራ:  01 ፈጻሚ፣ ሃላፊ፣ አስተባባሪ፣ ስራ አስኪያጅ፣  02 ንግድ፣  03 ፎርማን፣ ማካኒክ፣ አፕረተር፣  04 ጡረታ፣  05 ጉልበት ሠራተኛ፣  06 ሌላ ካለ ይጥቀሱ

**ክፍል 2: በሻይ ግብይት ላይ ተጽእኖ የሚያሳድሩ መጠይቅ**

**2.1. የሻይ ምርት ነክ ጥያቄዎች**

2.1.1. ከኢስት አፍሪካን አግሪ ቢዝነስ ድርጅት ምርቶች ውስጥ በይበልጥ የምትወደው ምርት የተኛው ነው?

- 01 የአንበሳ ምርት የሆኑትን
- 02 የጉድሞርኒንግ ምርት
- 03 የቲ-ባግ ምርት
- 04 ሁሉንም እወዳለው
- 05 ሁሉንም አልወድም

2.1.2. የድርጅቱ የሻይ ምርት አቅርቦት መጠንን በተመለከተ ባለፉት አምስት አመታት ውስጥ ወይም ከ 2003 እስከ 2007 ዓ.ም ምን ይመስል ነበር ?

- 01 በመጠን ጨምሯል
- 02 እጥረት ነበር
- 03 ተለዋዋጭ ወይም መዋዠቅ ይታያል።

2.1.3. የኢስት አፍሪካን አግሪ ቢዝነስ ድርጅት ሻይ ግብይት ፍላጎት ባለፉት አምስት አመታት ውስጥ ወይም ከ 2003 እስከ 2007 ዓ.ም ምን ይመስል ነበር ?

- 01 ከፍተኛ ፍላጎት ነበረው
- 02 ዝቅተኛ ፍላጎት ነበረው
- 03 ተለዋዋጭ ወይም የምዋዠቅ ፍላጎት ነበረው።

2.1.4. የኢስት አፍሪካን አግሪ ቢዝነስ ድርጅት የሻይ ግብይት በምን ላይ ትኩረት ያደረገ ነበር?

- 01 የሀገር ውስጥ ግብይትን ትኩረት ያደረገ ነበር
- 02 የአለም አቀፍ ግብይትን ትኩረት ያደረገ ነበር
- 03 ሁለቱ ላይ ትኩረት ያደረገ ነበር :: መልስዎ 01 ወይም 02 ከሆነ ያብራሩ

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2.1.5. የድርጅቱ የሻይ ግብይት ሽፋን በሀገር ውስጥ እንዴት ያስቡታሉ ?

- 01 ሰፊ ወይም ሙሉ በሙሉ የሀገሪቱን ክፍል ሸፍኗል
- 02 በከፊል የሀገሪቱን ክፍል ሸፍኗል

03 ዝቅተኛ የሀገሪቱን ክፍል ሸፍኗል።

መልስዎ 02 መይንም 03 ከሆነ የድርጅቱ የሻይ ምርት እንዳይስፋፋ ተጽእኖ ያሳደረው ምንድነው? ይግለጹ-----

2.1.6. የድርጅቱ ምርት ዲዛይንና የአዳዲስ ምርት ፈጠራ፤ ደንበኞች በሚፈልጉት መሰረት በገብያ ላይ ውጤታማ ሆነዋል?

01 አዎ ውጤታማ ሆነዋል  02 አልሆነም

2.1.7. ድርጅቱ በተለምዶ የሚጠቀመው የሻይ ምርት ሽያጭ እና ስርጭት ስልት ምን አይነት ነው?

01 ቀጥታ ስርጭት ለሁሉም ገዥዎች

02 ቀጥተኛ ያልሆነ ስርጭት ወይም ፤በደላላ፤በተወካይ ወይም በጅምላ ሽያጭ

03 በሁለቱም ስርጭት 01 እና 02 ትን ይጠቀማል

04 በአክሽን ወይም ማከፋፈያ ማእከል

2.1.8. በተራቁጥር 2.1.7 ላይ በሰጡት መልስ መሰረት የኢስት አፍሮካን አግሪ ቢዝነስ ድርጅት ሻይ ግብይት ተሞክሮ ወይም ልምድ ባለፉት አምስት አመታት ዉስጥ ወይም ከ 2003 እስከ 2007 ዓ.ም ውጤታማ ሆነዋል ብለዉ ያስባሉ?

01 አዎ

02 አይደለም

መልስዎ አይደለም የሚል ከሆነ ያብራሩ -----

2.1.9. የኢስት አፍሮካን አግሪ ቢዝነስ ምርቶች በሻይ ጥራት ረገድ ተፈላጊውን የጥራት ደረጃ እና የደንበኞችን ፍላጎት ያሟላል?

01 ያሟላል

02 አያሟላም

2.1.10. በተራቁጥር 2.1.9 ላይ በሰጡት መልስ መሰረት መልስዎ 02 ከሆነ የምርት ጥራቱ ዝቅተኛ በመሆኑ የሻይ ግብይት ላይ ተጽእኖ አሳድረዋል ብለዉ ያስባሉ?

01 ተጽእኖ አድርገዋል

02 ተጽእኖ አላደረገም

2.1.11. የኢስት አፍሮካን አግሪ ቢዝነስ ድርጅት ምርት ጥራት ደረጃ ከሀገር ዉስጥና ከዉጭ ሀገር ተወዳዳሪ ምርት ጥራት ጋር እንዴት ያስቡታሉ?



ከሀገር ውስጥ ተወዳዳሪ ምርት ጋር  01 ተወዳዳሪ ነው  02 ተወዳዳሪ አይደለም

ከውጭ ሀገር ተወዳዳሪ ምርት ገር  01 ተወዳዳሪ ነው  02 ተወዳዳሪ አይደለም

2.1.12. የድርጅቱ ምርት አስተሻሽግ ከጥንቃቄ፣ ከአመላካች እና ከሳብነት አንጻር እንዴት ያስቡታል?

01 በጣም ጥሩ እና ሳብ ነው  02 ጥሩ አይደለም፡፡ መልስዎ  
02 ከሆነ ያብራሩ-----  
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**2.1. ዋጋ ነክ ጥያቄዎች**

2.2.1. የኢስት አፍሪካን አግሪ ቢዝነስ የሻይ ምርት ዋጋ ከተወዳዳሪ ምርት ዋጋ ጋር ስነጻጻር ምን ይመስላል?

01 ወድ ነው  02 ርካሽ ነው  03 ተመሳሳይ ነው

2.2.2. ደንበኞች ለዋጋ ስሜታዊ ስሆኑ ወይም ቅሬታ ስኖራቸው የድርጅቱ ማናጅመንት ወይም አስተዳዳሪዎች በገብያው ሁኔታ መሠረት የዋጋ ማስተካከያ ወይም ለውጥ በማድረግ በሠአቱ እርምጃ ይወስዳሉ ብለው ይስማማሉ?

01 እስማማለሁ  02 አልስማማም

2.2.3. ተቀራራቢ ወይም ተተክ የሆኑ ምርቶች ዋጋ ለምሳሌ ፤ቡና፤ስኳር፤ ፤የፍራፍሬ ጁስ ፤ወተትና የመሳሰሉት የሻይ ግብይት ወይም ዋጋ ላይ ተጽእኖ አድርጎታል ብለው ያስባሉ?

01 ተጽእኖ አድርጎታል  02 አላደረገም

መልስዎ 01 ከሆነ ያብራሩ -----  
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2.2.4. የድርጅቱ ሻይ ምርት ዋጋ ከደንበኞች፣ከቸርቻሪዎችና ከተጠቃሚዎች አስተያየት አንጻር ምን ያስባሉ?

01 ቅሬታ አላቸው  02 ቅሬታ የላቸውም

2.2.5. የድርጅቱ ሻይ ምርት ጥራት ከምርቱ ዋጋ ጋር ስነጻጻር ምን ዓይነት ግንኙነት አላቸው ብለው ያስባሉ?

01 መልካም ግንኙነት አላቸው  02 ተቃራኝ ግንኙነት አላቸው። መልስዎ  
02 ከሆነ ያብራሩ -----  
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2.2.6. የድርጅቱ ምርት ግብይት ላይ ባለፉት አምስት አመታት ውስጥ ከ2003 እስከ  
2007 ዓ.ም በምርቱ ዋጋ መቀያየር ምክንያት ተጽእኖ ደርሶበታል ብለው ያምናሉ?

01 አምናለው  02 አላምንም

መልስዎ አምናለው ከሆነ ያብራሩ-----  
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### 2.3. ፕሮሞሽን ነክ መጠየቆች

2.3.1. ኢስት አፍሮካን አግሪ ቢዝነስ ምርቶቹን ለማስተዋወቅ የምጠቀመው የማበረታቻ  
ወይም ማስታወቂያ አይነቶች ምንድን ናቸው? ከአንድ በላይ መልስ መስጠት ይቻላል።

- 01 ማስታወቂያ መጠቀም በኤፍ ኤም ረድዮ፣ ቴሌቪዥን፣ ኢንተርኔት
- 02 ኤግዝብሽን ላይ መሳተፍ
- 03 የሽያጭ ማበረታቻ መጠቀም ለምሳሌ ዋጋ መቀነስ፣ ቦነስ መስጠት፣ ስጦታ
- 04 ህዝብ ግንኙነት ለምሳሌ ዜና፣ ማጋዘን መጠቀም
- 05 ምንም አይነት ማበረታቻዎችን አይጠቀምም
- 06 ሌሎች ካሉ ይግለጹ-----  
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2.3.2. ድርጅቱ ለምርቶቹ በምያደርጋቸው የማበረታቻ ወይም ማስታወቂያ ምርቶቹን  
በማስፋፋትና የሽያጩን ውጤት በማሳደግ ረገድ የድርጅቱን ሻይ ግብይት ረድተዋል  
ብለው ያምናሉ?

01 አምናለው  02 አላምንም

2.3.3. የኢስት አፍሮካን አግሪ ቢዝነስ ሻይ ምርት ይዘት በሚሰራው ወይም በምደረገው  
ማስታወቂያ መሰረት ሁሉንም ያሟላል ብለው ያስባሉ?

01 ያሟላል ብዬ አምናለው  02 አያሟላም ብዬ አምናለው

መልስዎ 02 ወይም አያሟላም ከሆነ ያብራሩ-----  
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2.3.4. ድርጅቱ ለምርቶቹ በምያደርጋቸው ማበረታቻ ወይም ማስታወቂያ መሰረት ደንበኞቹ ምርቶቹን በብዛት በመሸጥ ጥሩ ጥቅም አግኝተዋል ብለው ያስባሉ?

- 01 አዎ  02 አይደለም

2.3.5. ድርጅቱ በብዛት ደንበኞችን ለማፍራት ለምርቶቹ የሚያደርጋቸው ማበረታቻ ወይም ማስታወቂያ በቂ ነው ብለው ያስባሉ?

- 01 አዎ  02 አይደለም

2.3.6. ድርጅቱ ምርቶቹን ለማስተዋወቂያ የሚያደርጋቸው ማበረታቻ ወይም ማስታወቂያ ተገቢ ወይም ሳብ ነው ብለው ያስባሉ?

- 01 ተገቢ ወይም ሳብ ነው  02 ተገቢ ወይም ሳብ አይደለም:: መልስዎ 02 ከሆነ ያብራሩ -----

**2.4. የቦታ ነክ ጥያቄ**

2.4.1. ድርጅቱ ምርቱን ለገዥው አካል ለማድረስ ወይም ለማስረከብ የሚጠቀመው ስልት በግዥ ጥያቄ ቅደም ተከተል ነው ብለው ያምናሉ?

- 01 አምናለው  02 አላምንም:: መልስዎ 02 ከሆነ ያብራሩ -- -----

2.4.2. የድርጅቱ ምርቶች የምስራጩበት ቦታ ለደንበኞች ወይም ለተጠቃሚዎች ምቹ ቦታ ነው ብለው ያስባሉ?

- 01 ምቹ ነው  02 ምቹ አይደለም

2.4.3. የድርጅቱ ምርት በትክክለኛው ቦታ፣ በትክክለኛው ሰዓት እና በትክክለኛው መጠን በገብያ ውስጥ ይገኛል ወይም ይደርሳል ብለው ያስባሉ?

- 01 ይገኛል ወይም ይደርሳል  02 አይገኝም ወይም አይደርስም::

መልስዎ አይገኝም ወይም አይደርስም ከሆነ ያብራሩ-----

2.4.4. የድርጅቱ ምርት ማምረቻ ቦታ እና ምርቱ ወደ ገብያ የምስራጭበት ቦታ ተቀራራብ ባለመሆኑ የድርጅቱ ሻይ ግብይት ላይ ተጽእኖ አሳድረዋል?

- 01 ተጽእኖ አድርገዋል  02 ተጽእኖ አላደረገም

**ክፍል ሶስት: የአማራጭ ነክ መጥየቆች**

3.1. ከዝህ በታች የተቀመጡትን ውስጣዊ አማራጭ ነጥቦች በድርጅቱ ውስጥ ስለመኖሩ አለ ወይም የለም በማለት መልስዎን ያስቀምጡ፡፡

ተራ ቁጥር	ነጥቦች	መልስ
1	የድርጅቱ የሆነ እርሻ መኖር	
2	ዝቅተኛ የማምረቻ ወጭ	
3	ፈርጣማና ተስማም መሬት መኖር	
4	በከፍተኛ ተክኖሎጂ የታዘዘ የሻይ ማምረቻ ማሸነፊ ወይም ፋብሪካ መኖር	
5	የሠራተኞች መነሳሳት መኖር	

3.2. ድርጅቱ ልጠቀምበት የሚችል ውጫዊ አማራጭ ነጥቦች ከዝህ በታች የተቀመጡትን ስለመኖራቸው አለ ወይም የለም በማለት መልስዎን ያስቀምጡ፡፡

ተራ ቁጥር	ነጥቦች	መልስ
1	ከፍተኛ የመንግስት እዝ መኖር	
2	በቀላሉ የሰው ሀይል ማግኘት መቻል	
3	የብዙ ሀገሮች ሻይ ግዥ ፊላንት ከፍተኛ መሆን	
4	ዝቅተኛ ተወዳዳሪ መኖር	
5	ከፍተኛ ደንበኛ መኖር	

3.3. በተራ-ቁጥር 1 እና 2 ባስቀመጡት ደረጃ መሠረት ድርጅቱ አማራጮቹን በተገብ ሁኔታና በምግባ ተጠቅመዋል ብለው ያስባሉ?

- 01 ተጠቅመዋል  02 አልተጠቀመም

3.4. ኢስት አፍሪካን አግሪ ብዝሃነስ ማናጅሜንት ወይም አስተዳደር አማራጮቹን ለመጠቀም በቂ ክህሎት ያላቸው እና ተወዳዳሪ መሆን ይችላሉ ብለው ያስባሉ?

- 01 አዎ  አይደለም

3.5. ድርጅቱን በሻይ ግብይት ላይ ልያግዝና ውጤታማ ልያደርግ የሚችል ሌሎች አማራጮች አልዎት ወይም ያውቃሉ?

- 01 አዎ  02 የለም

መልስዎ አዎ ከሆነ ይግለጹ -----  
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**ክፍል አራት: የማናጅመንት ውሳኔ ነክ መጠየቆች**

4.1. ማናጅመንቱ የድርጅቱን ዓላማ ከግብ በማድረስ ረገድ የሽያጭ ዋጋ ማውጣት ውሳኔነን፤ የምርት ጥራት ውሳኔን ፤ የደንበኞችን እይታ መሰረት ያደረገ ውሳኔን ፤ አዳድስ ምርቶችን የመቅረጽ ስልት ውሳኔን እና ሌሎች አጠቃላይ ስራዎች ላይ በጊዜ ውሳኔ በመስጠት እና ውሳኔው ውጤታማ ከመሆኑ አንጻር ጥሩ ነው ብለው ያስባሉ?

በጊዜ ውሳኔ ከመስጠት አንጻር:  01 አዎ  02 አይደለም::

ውሳኔው ውጤታማ ከመሆኑ አንጻር:  01 አዎ  02 አይደለም:: መልስዎ 02 ከሆነ ያብራሩ -----

4.2. የድርጅቱ ማናጅመንት ሠራተኞቹን በማነቃቃት ረገድ በተሻለ ደመወዝ፤ በእንሰንቲቭ፤ በቦነስ ወይም በሽልማት እና በሌሎች ገንዘብ ነክ ባልሆኑ ጥቅማጥቅምን በመስጠት ውሳኔ ጥሩ ነው ብለው ያስባሉ?

- 01 አዎ
- 02 አይደለም::

4.3. የድርጅቱን የሻይ ግብይት ውጤት ላይ ተጽእኖ የሚሳድሩ ሌሎች ነጥቦች አሉዎት?

- 01 አዎ
- 02 የለም:: መልስዎ አዎ የሚል ከሆነ ያብራሩ -----