Export Marketing Challenges of Ethiopian Floriculture Industry

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ABSTRACT: *The growing of global trade and sales activity in the world has increasingly lay emphasis on the importance of exporting for firms and countries. Globalization process, global market competition and the subsequent performance difficulties encouraged by exporters cause the increasing interest in this subject. The main objective of the study was to investigate export marketing related challenges of Ethiopian export industry. The research employed descriptive research design. Primary data was gathered from respondents using standard questionnaire and secondary data from various sources. The data collected has been analyzed using descriptive method of data analysis. The result of the analysis discloses that Companies in the region has a high problem of industry barriers especially that comes from competition barriers. Competition barriers emanates from meeting foreign competitors price, aggressive competition in foreign market and that of unreliability in raw material supply. On the other hand, customer barriers which is a product poor image/goodwill of a country and the product in foreign country and language and cultural difference has also been a challenge for the companies. From the government point of view, development of Marketing Information System for floricultural produces and make it easily accessible via affordable means. The supply of information by government especially with respect to the location/ market analysis of foreign country, provision of various tax and other financial incentives to beat aggressive price competition in international market has a paramount significance. Foreign market-related information should be directed more to firms with relatively few years of export experience in the country. Flower exporters should pay extra attention to enhance the image of their product in foreign country. Yet it all too often happens that buyers are disappointed with the quality of produce exported from developing countries like Ethiopia.*
KEY WORDS: *export, flower companies, marketing challenges.*

I.   INTRODUCTION

Export is one of the most important business activities that play a significant role for economic development of nations. It contributes a crucial role to nation's economic growth,increase the profitability and growth of exporting business and eases poverty in developing countries like Ethiopia. The country is endowed with natural resources in different agro-ecological zones which are suitable for the cultivation of horticultural products. Accordingly, large varieties of flowers, vegetables, fruit and herbs are being grown currently in various areas of the country. Even though the revival of the horticulture export development sector in Ethiopia started only about a decade ago, the industry has scored significant positive developments. Ethiopia, next to Kenya, is the second largest supplier and exporter of flowers from Africa. In terms of foreign exchange earnings, the country has generated 265.71 million USD from the sector in the budget year of 2011/12. However, due to many undiscoverable reasons, the revenue generated from this sector is dramatically dropping. The sector generated 203.1 (6.7 % GDP share), 225.3 (7.9 % GDP share), 218.5 (7.5 % GDP share) in 2014/15, 2015/16, and 2016/17respectively (NBE annual report 2016/17).

II.   REVIEW OF LITERATURE

The growing of global trade and sales activity in the world has increasingly lay emphasis on the importance of exporting for firms and countries. Globalization process, global market competition and the subsequent performance difficulties encouraged by exporters cause the increasing interest in this subject (Sousa et al., 2008). Exporting plays a vital role in the world and has countless benefits for firms in particular and countries in general. Exporting is a fundamental strategy in ensuring firm's survival or growth, and firms may achieve competitive advantage in international markets with a positive influence on current and future export performance and so many companies recently allocate more attention and resources in order to export their products to foreign markets (Navarro et al., 2009).Export barriers have been the subject of empirical research

since internationalization took a swing (Groke and Kreidle, 1967; Katsikeas, et., al 2000;Rabino 1980; Leonidou, 2000).Export marketing is the most popular mechanism by which firms engage with international markets, understanding the drivers of export market performance is a key to explaining firms' international competitiveness (O'Cass and Julian, 2003). Export market development is becoming more a matter of survival rather than a matter of choice for many firms in the world (Moghaddam, et al., 2011).Even though exporting has the aforementioned marvelous benefits for a country at large it is not a task that can be done at humble act. There are a number of challenges that a given company face in exporting its goods and services to foreign markets. According to Ahmed, Z. U et al., (2004) export problems or barriers are defined as those constraints that hinder the ability of firm to initiate, develop or maintain export marketing activities of the firm. Leonidou (1995) defined export barriers as: "The attitudinal, structural, operational, and other constraints that hinder thefirm's ability to imitate, develop, or sustain international operations (Kaleka, and Katsikeas 1995).There is more or less a consensus upon how to define export barriers and challenges. Nevertheless, no similarities up on researchers in the field on how to group exporting barriers or problems faced by a firm. As cited in Marija M., and Elena M., (2017), Morgan and Katsikeas (1997) grouped them as follows: export marketing knowledge and communication, national export administration, product characteristics and export competitive position. Schroath and Korth (1998) divided 211 barriers into nine groups: foreign market opportunities, lack of knowledge about the opportunities in the export market, lack of qualified personnel, lack of knowledge about export regulation, problems of language and culture, exchange of currencies, costs of international operations, lack of capital for the expansion abroad, concern about the domestic market and other barriers. Delgado (2006) identified export problems as: production related; processing/marketing related; and economic and political environment.Karelakis (2008) classified export problems into four groups: "internal-domestic"; "internal-foreign"; "external-domestic"; and "external-foreign. This study will focus on the classification of Tesfom and Lutz (2006) to further assess the appropriateness of the problems in the floriculture export marketing. These classifications are internal problems and external problems within which each has their own further classifications.

III. NEED/IMPORTANCE OF THE STUDY
- Equip exporters devise their marketing strategy based on the recognized challenges
- Enables policy makers to understand export marketing challenges and whereby assess policies and regulations of the country in order to enhance the performance of the sector.

IV. STATEMENT OF THE PROBLEM
Globalization and liberalization have improved international trade dramatically in the past several decades. Continuous market deregulations, regional trade agreements caused significant growth of the world export. Fiscal Year 2016/17 has been a challenging year for Ethiopian's external sector particularly exports. Merchandise exports exhibited modest growth of 1.4 percent.Conversely, export proceeds from flower went down by 3.0 percent as both export volume and international price fell by 2.5 and 0.5 percent, respectively. Hence, the share of flower in total export earnings decreased to 7.5 percent from 7.9 percent last year same period (NBE Annual Report 2016/17).The reasons for such down may accounted form many factors and export marketing related problems will be the one and probably the major. The marketing related impediments involved in the sector have not yet been empirically explored (Sisay, M.A. 2018). Therefore, the researcher tried to investigate the major export marketing related challenges that Ethiopian floriculture industries faces.

V. OBJECTIVES
- To find out Internalexport marketing barriers of flower industry in Ethiopia faces.
- To find out External export marketing barriers of flower industry in Ethiopia faces.
- To provide valuable solutions to eradicate barriers associated with exporting.

Research Question
- What are the major export marketing problems or challenges that the flower industry in Ethiopia faces?

VI. RESEARCH METHODOLOGY
6.1 RESEARCH DESIGN
This research employed descriptive research design since its objective was merely todescribe challenges associated with exporting in Ethiopian floriculture industry. Descriptive research is a research that presents the state of affair or the event as it appears(Zikmund, et,al 2009)

6.2 POPULATION AND SAMPLE SIZE
The study will target flower companies located in Ethiopia by giving special emphasis on flower growers and exporters in Oromia region. Unit of analysis will be all flower companies located in Oromia region and selling their products in international (foreign) market.numerically the total population of this study will be 330 managers found in these respective flower companies. From the above stated population 181managers will be selected from flower grower and exporter companies located in the region as a sample using simple random sampling technique

6.3 DATA TYPE AND COLLECTION TECHNIQUE
Primary data of the study will be information gathered through questionnaire from managers of flower grower and exporter companies located in Oromia region. Questionnaire that have closed end question will be prepared and delivered to managers in order to gather the primary data. The secondary data of this research is information that were gathered from EHA annual reports, books, journals, NBE annual report.

6.4 DATA ANALYSIS PROCEDURE
The researcher employed descriptive statistics.Descriptive analysis technique wasused to describe the status of export marketing related challenges of Ethiopian floriculture industry. Mean and standard deviation, was used for the analysis of the collected data using SPSS 21.0.

VII.   RESULTS & DISCUSSION

Out of 181 companies covered by the survey, 150 valid questionnaires were received. That gives the return rate of 83 %.

Table 1. Mean and Standard Deviation

SN	Export Marketing Barriers	N	Mean	SD
1.	**Internal barriers**	150	3.5352	.50309
1.1.	**company barriers**	150	3.9783	.78267
1.1.1.	Marketing Knowledge and Information	150	4.0240	1.08385
1.1.2.	Financial and Human resource	150	3.9022	.97588
1.2.	**Product barriers**	150	2.9444	.59787
1.2.1.	Product Quality	150	3.0600	.90410
1.2.2.	Technical Adaptability	150	2.8289	.89387
2.	**External Barriers**	150	3.4449	.55200
2.1.	**Industry barriers**	150	3.5850	.89477
2.1.1.	Industry Structure	150	3.3067	1.18298
2.1.2.	competition Barriers	150	3.8633	1.19091
2.2.	**Export Market Barriers**	150	3.6227	.78767
2.2.1.	Customer Barriers	150	4.1778	1.01933
2.2.2.	Procedural Barriers	150	2.7900	1.34148
2.3.	**Macro Environment barriers**	150	3.2440	1.01363
2.3.1.	Direct Export Barriers	150	3.1762	1.21042
2.3.2.	Indirect Export Barriers	150	3.4022	1.14386

Source: Authors' calculation, 2018

The above table depicts the result of mean and standard deviation value of both export marketing barriers and specific contribution of each attributes. As shown, the mean value of internal barriers (3.5352) is a result of mean of company barriers (3.9783) and mean of product barriers (2.9444). On the other hand, the mean of external barriers (3.4449) which is the result of mean of industry barriers (3.5850), mean of export market barriers (3.6227) and mean of macro environment barriers (3.2440) respectively. Company barriers are composed of firm's access to marketing knowledge and information about foreign market and its financial and human resources that enables the company to serve its customers abroad. Both constructs has a mean value of 4.0240 and 3.9022 respectively. Product barriers encompasses the quality level of firm's product offered for international markets and technical adaptability of the firm to foreign market. This two dimensions has a mean value of 3.0600 and 2.8289 respectively. Industry barriers on the other hand is composed of industry structure of flower products across the world and competition the firm faces in international market. Industry structure has a mean value of 3.3067 while competition barriers has a mean value of 3.8633 respectively. As far as export

market barriers is concerned it is a collection of customer barriers that comes due to foreign customer's image or goodwill towards firms product and procedural barriers that the firm faces in dealing with international markets. These two dimensions has a mean value of 4.1778 and 2.7900 respectively. Finally, macro environment barriers which incorporates direct export barriers and indirect export barriers that poses impediments on the performance of the firm. These two constructs has a mean value of 3.1762 and 3.4022 respectively.

The table further show the result of each export marketing barriers in which floriculture companies in Ethiopia faces. To this end, company barriers has the highest mean value (3.9783) followed by export markets barriers (3.6227), industry barriers (3.5850), macro environmental barriers (3.2440) and product barriers (2.8444) respectively. More specifically, customer barriers has the highest mean value (4.1778) followed by marketing knowledge & information, financial & human resources and competition with mean value of 4.0240, 3.9022, 3.8633 respectively and procedural barriers has the lowest mean value of 2.7900.

VIII.   FINDING &CONCLUSIONS
Even though exporting companies play vital role for the economic development of the country, they are constrained by several export marketing problems. This paper has provided evidence regarding various export marketing barriers that Ethiopian flower exporters faced. Based on the finding both internal and external barriers are the most important challenges of flower companies located in the region. Companies in the region has a high problem of industry barriers especially that comes from competition barriers. Competition barriers emanates from meeting foreign competitors price, aggressive competition in foreign market and that of unreliability in raw material supply. On the other hand, customer barriers which is a product poor image/goodwill of a country and the product in foreign country and language and cultural difference has also been a challenge for the companies. Whereas, procedural barriers that comes from lack of export procedure information and procedural complexity and that of indirect export barriers that comes from exchange rate and interest rate uncertainty, international trade agreement, and foreign exchange rate policy can be considered as low important of export market challenges.

IX.   RECOMMENDATIONS/SUGGESTIONS
It should be noticed that flower firms located in the region has problems with many of the identified barriers with respect to export marketing. More specifically these barriers come from competition and customer in foreign markets and both the government and firms must take initiatives do something to reduce barriers. From the government point of view, development of Marketing Information System for floricultural produces and make it easily accessible via affordable means. The supply of information by government especially with respect to the location/ market analysis of foreign country, provision of various tax and other financial incentives to beat aggressive price competition in international market has a paramount significance. Foreign market-related information should be directed more to firms with relatively few years of export experience in the country.With respect to problem associated with brand or poor image of the product, government to restore a positive brand of products to its target market, it should convince the quality of the produces to customers by participating in trade shows and exhibition since these provides better opportunity to inform and persuade about offering. Flower exporters should pay extra attention to enhance the image of their product in foreign country. Yet it all too often happens that buyers are disappointed with the quality of produce exported from developing countries like Ethiopia. As a result, these suppliers receive lower prices. Therefore, product quality is of the utmost importance in order to remain competitive and to maintain a level of trust on the international market.

X.   LIMITATIONS
The research has addresses only one sector and one region and it would be interesting to encompass more sector for comparison and if it includes more samples from different regions of the country. Due to the above mentioned reasons the generalizability of the finding becomes under question.

XI.   SCOPE FOR FURTHER RESEARCH
As this research is a new one in its nature, it can be conducted in other sectors, in other regions and countries relating to their own environmental factors to enhance the scope of this research. The results might be different when it is conducted in different scenarios. This study also provide base and add literature for researchers to hit this issue more deeply in future. Further research can be made to test the effect of export problems on formulating marketing strategy and further its impact on export performance of the firm

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