

Practices and Problems of Floriculture Export Marketing: The Case of Enyi-Ethio Rose

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1. Background of the Study

Ethiopia's economy is predominantly agrarian. It is, thus, natural to expect the bulk of the country's export to come from the agricultural sector. The agricultural sector contribute 50% and 90% of the country's domestic product (GDP) and foreign exchange earning capacity from the export sector respectively, according to Ethiopian customs authority yearly report (1999/2000).

Compared to the fruits and vegetables component, the floriculture industry is growing at an alarming rate in Ethiopia. In five years, it is expected to be one of Africa's leading flower producers.

Currently the floriculture industry is growing at an alarming rate in Ethiopia and this industry has contributed a great deal for the economic development of the country, in general, and the company particular. This sector involves the service of different professionals, freight forwarders, transporters, insurers and financial institutions for assistance. But all these operations require a complex and coordinated follow up of chains of activities in export business, and export success is the accumulated end product of all these elements:

- The country's infrastructural facilities,
- Developmental stage of the industry and
- Organizational-internal structures are problems that create obstacles for export procedures of flower.

The main bottlenecks for the successful execution of the flower export marketing procedures of the company are:

- Insufficient cargo space that greatly affects transportation of perishable products;
- Lack of market information;
- Shortage of skilled and experienced management staff;
- Mechanical damage of the product during transportation, and
- The pre-export practices executed by the regulatory body of the government.

2. Research Questions

The following are research questions the study tried to address:

- What are the major problems that the company is facing to export its products?
- How is the organization coordinated in terms of skilled labor?
- How is the relationship the company has with banks and other stakeholders?
- What are the major problems of the company related to transportation?
- What are the causes of mechanical damage?

3. Research Objectives

The general objective of this study is to assess practices and problems of floriculture industry export marketing procedures of Enyi Ethio Rose. The study is specifically intended to meet the following objectives:

- ✓ identify the major problems of cut-flowers exporting marketing procedure;
- ✓ assess how the company is coordinated in terms of skilled labor;
- ✓ assess the significance of the problems related to insufficient cargo spaces;
- ✓ evaluate efforts of the government in enhancing and promoting the role of this sector in the economic development of the country; and
- ✓ identify the major challenges of the company and suggest some remedial measures.

4. Research Methodology

The study employed descriptive research methodology. The study population consists of 60 employees out of which 20 are employees of export marketing department at Enyi Ethio Rose, 30 are from customers of NIB bank IBD and the remaining 10 are from government body of Ethiopian export promotion departments. From the total population, the researcher selected a sample size of 30 in which 10 are from company's employee of export marketing department, 15 from customers of NIB bank IBD and the remaining 5 from Ethiopian Export Promotion departments of FDRE, commissioned by the government to support of exporters. Here, the researcher used simple random technique to select the sample.

Both primary and secondary sources were used. In order to get reliable first hand information, primary data which was obtained from the company's manager through the administration of structured interview and the distribution of questionnaire to the employees were collected. The secondary data, on the other hand, was collected from books, magazines, internet and other publications. The questionnaire were developed and distributed to 30 respondents. Structured interview consisting of 6 questions was also developed for company managers.

The data collected from the sample respondents were analyzed using descriptive method. Thus, the collected data are tabulated and analyzed using the frequency count and percentage. An interview result, on the other hand, was transcribed to supplement the quantitative findings.

5. Summary, Conclusions and Recommendations

Based on the analysis and interpretation of the data made on the previous section, this section summarizes the main findings of the study and presents recommendations for the identified problems based on the conclusions made.

5.1 Summary of Findings

The data collected for the study were analyzed using the descriptive method. A total 25 respondents were used as sources of information pertinent to the major findings are summarized below.

- The findings indicated that the contribution of the government to the development of the sector is high.
- Majority of the respondents affirmed that the major problems associated with export marketing procedure of cut-flowers is lack of professionals by company employees, government rules and regulations by customers of NIB banks IBD and overseas buyers by government body of Ethiopian export promotion departments respectively.
- The data indicated that the company is not equipped with trained and skilled workforce.
- The data clearly indicate that the company is confronted with transportation problem to export its products.
- Majority of companies' employees said that procedures and regulatory requirements in obtaining export license are to some extent difficult. On the other hand, customers of NIB Bank IBD respond that obtaining export license is less difficult.
- The study revealed that the main causes of the mechanical damage of cut-flowers experienced are :
 - the natural characteristics of the product (it is perishable);
 - lack of appropriate handling at the time of packaging;
 - lack of adequate cargo transportation; and
 - Carelessness of daily laborers in the air port during loading and unloading.

- It is evident from the study that there are risks related to non-payment. This usually happens when the flower product fails to meet the quality requirements and when the buyers are unable to pay due to various reasons.
- The findings of the study indicate that there is good relationship between the company and the customers abroad.
- The involvement of the government in promoting the export of cut-flower is quite encouraging, as the data obtained.
- The study shows that foreign earning capacity of cut-flowers exports are moderately satisfying the country.
- The findings also revealed that the exporting these products are bringing key success factors like:-
 - It builds good image to the country;
 - It creates job opportunity, and
 - It introduces the Ethiopian flower to the world market.

5.2 Conclusions

On the basis of the findings stated above, the following conclusions can be drawn;

- According to the findings the government's contribution towards the development of the sector is high. Thus, the existing investment policy of the government regarding the flower production attract large number of investors (both domestic and foreign) to invest in this sector This, in turn, will have a great impact in contributing for the economic growth of the country and the creation of jobs.
- From the findings it is possible to conclude that the major problems that hinder the export procedures of cut-flowers were lack of professionals, and overseas buyers.

- From the findings, it is also possible to conclude that there is lack of market information for the export of cut flower products. This indicates that marketing information system of the sector is not broad enough to enable the company get the required information and this will significantly hamper the expansion and growth of the sector.
- According to the findings, the company under study is not equipped with the necessary skilled labor. The point is that lack of skilled personnel in the area of marketing will affect the ability of the company to penetrate the international market for cut-flower and ensure its sustainability.
- The study, also, revealed that by the very nature of the product there are problems of mechanical damages which needs careful handling at the time of packaging and harvesting.
- As can be inferred from the related literature, several risks are linked to the cut-flower export business i.e., higher air freight costs (due to the imbalance between incoming and outgoing air freight) , longer travel time which results in lower prices for fresh flowers, consumer preferences regarding flower varieties and colours are subject to change and risks associated to non-payments. From this, it can be concluded the sector requires considering all risks to overcome when happened and achieved to the designed objectives.
- As can see from the related literature review, like other exportable items cut-flowers also require export documentation. Each export shipment involves many documents to satisfy government regulation most banks will offer arranges of documentary services to help the exporter receive payment from international customers from the study is averagely satisfied customers of NIB bank IBD by providing the necessary documents so the exporter give especial attention towards providing export documents to be effective.

5.3 Recommendations

Based on the findings of the study and the conclusions drawn, the student researcher has forwarded the following recommendations.

- Careful selection and combination of professionals is necessary to equip the company with competent and skilled workforce that handle the export procedure of cut-flower. To solve the limitation of expertise knowledge, the company should either design training and development programmers or recruit highly skilled and experienced professionals providing attractive recommendation.
- Understanding based on mutual interest and respect with a clear view between buyers and sellers is an all time remedy for local and foreign buyers to the facilitation of export marketing procedure to achieve their objectives.
- The company is strongly advised to arrange well-organized market research and flow of market information on the existing markets.
- More emphasis should be given to the procession of adequate cargo space for the export of cut-flowers. Either Ethiopian airline should add its cargo capacity or private investors should be allowed to enter into the business.
- Root cause for the mechanical damage is ignorance and being irresponsible. A strict supervision could be forwarded as a remedy.