

Export Marketing Strategies For Nepalese Ready Made Garment Industries*

Bishow Prakash ADHIKARI** · Ji Young JEONG*** · Kishor KOIRALA****

Abstract

Nepalese ready-made garment (RMG) industry is the largest industrial sector of the country and a major source of foreign currency that draws an important role in the economy of Nepal. The study is conducted to investigate the export status of Nepalese RMG, marketing strategies, and future need for improvement of marketing strategies. Both the primary and secondary data were used in the present study. This study shows the decreasing export trend of Nepalese RMG since 2003. The current marketing strategies, electric power cut and political instabilities are the major causes of decreasing production and export of RMG. Until now, marketing is the neglected part of the Nepalese garment industry. The most effective marketing strategies that the Nepalese RMG companies implementing are 'Competitor Profiling and Competitiveness Analysis'; however we found that the current strategies implemented is outdated and needs an effective change. Thus, there is an urgent need of review and change of marketing strategies. Our study concluded that 'After Sales Follow-up' strategy had primary efficiency even though least implemented, followed by 'Market and Costumer Profiling' and 'Competitors Profiling and Competitiveness Analysis'. The government and the RMG business sector should jointly work together to maintain international competitiveness in the global RMG market.

Keywords : Ready-made garment, Export, Marketing Strategy, Nepal

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** Doctor student, Department of International Trade Chonbuk National University.

*** Professor, Department of International Trade Chonbuk National University.

**** Doctor student, Department of International Trade Chonbuk National University.

I . Introduction

Nepal is a small landlocked country located between China and India. Since agriculture is the major contributor of country's economy, industries like tourism, textile garments and carpets are also considered major economic contributor of Nepal as being exporting industries (The World Fact Book, 2013). The ready-made garment (RMG) industry of Nepal started in the mid 1980s and became a prominent player in the economy within a short period of time. In the early 1980s, Indian exporters constrained by the lack of quotas turned to Nepal and there was a sharp increase in the export-orientated garment manufacturers. The number of persons employed in garments industry also doubled during this period and reached 17260 in 1991/92 (CBS 1986/87, 1991/92, 1996/97, 2001/02). However, the number of establishments and number of people employed both declined between 1991/92 and 1996/97. The decline in number of establishments was around 42% and in 1996/97 garment industry employed about 2000 fewer individuals as compared to 1991/92 (CBS 1986/87, 1991/92, 1996/97, 2001/02). However, one still has to wait to see the development of manufacturing of textiles to substitute the imported cloth, a major raw material for garment. So far textile industry in Nepal has not been developed in pace to the demand from garment industry.

According to the Garment Association of Nepal (GAN), the RMG industry in Nepal recorded a financial net worth of US\$ 80 million and a collective turnover of US\$ 160 million in 2002. The RMG industry contributed approximately 25 per cent of Nepal's total exports annually between 1991/92 and 1999/2000. The industry's contribution to national exports gradually increased after 1994/95 and reached a record 49 per cent in 1999/2000 before entering a downturn. The United States absorbed more than 80 per cent of Nepal's total RMG exports before the quota phase-out. Since the complete removal of quotas, Nepalese suppliers have been contending with the preferences granted by the United States to selected African and Caribbean countries. The new trading environment offers opportunities to efficient suppliers of garments. Several RMG-exporting countries, such as Bangladesh, Cambodia and China, have capitalized on the freeing up of the global RMG trade (Azim and Nasir, 2003). However, Nepal's RMG industry is hampered by a loss of competitiveness coinciding with the change in the international trading environment.

The proper marketing strategy is the key factor for sustaining an industry. Marketing strategies such as simply maintaining low costs or innovative solutions are losing their importance. That is why the significance and meaning of brands have been growing recently. The brand is a strategic resource of every firm. For the size of the Nepalese economy, it will have to have bigger firms producing standard products in large volumes as well as small and mid size firms producing large variety in small to mid size batches. Then there is the need for emergence of specialist firms that will consolidate orders, book capacities, manage

warehouses and logistics of order delivery. Nepalese firms need a strong deployment of industrial engineering with particular emphasis on cellular manufacturing, JIT and statistical process control to reduce lead times on shop floors. Firms are not taking advantage of the large domestic market in generating economies of scale to deliver cost advantage in export markets. Ignoring the domestic market, in the long run, will peril the export markets for domestic producers. In addition, high retail property prices and high channel margins in Nepal will restrict growth of this market. Firms need to make their supply chain leaner in order to overcome these disadvantages. However, few areas of policy weakness stand out – labor reforms (which is hindering movement towards higher scale of operations by Indian firms), power availability and its quality, customs clearance and delivery operations from ports, credit for large scale investments that are needed for up gradation of technology, and development of manpower for the industry.

The major objective of this study is to access the current marketing strategies and their effectiveness. Especially we intend to find:

- What is the status of Nepalese RMG export?
- What are the current marketing strategies and their effectiveness?
- Is there any future need for improvement of marketing strategies?

On the second section, the Literature Review section, review of previous researchers and studies regarding marketing strategies, RMG industry and Nepal's economy is presented. On section three background of export trend and strategies in Nepal are discussed. Country-wise competitor comparison is also presented in this section. This section basically includes current situation analysis of RMG sector of Nepal. Both the primary and secondary data were used in the present study, but main focus was given to the primary data. The study was carried out through survey, which was conducted in Kathmandu, Nepal. For primary data collection, fifty small, medium and large-sized RMG firms were randomly selected to identify the export status of Nepalese RMG and other various aspects related with marketing strategy of Nepalese RMG. Fourth section we analysis our primary data and find efficient marketing strategies and finally on fifth section we conclude our study.

II. Literature Review

Strategic marketing management is a system designed to help management both precipitate & make strategic decision, as well as create strategic vision. A strategic decision involves the creation, change or retention of the resources & time required to reverse, or change it. Slater and Olson (2001) stated that little

work has been done to develop a comprehensive marketing strategy typology (with the exception of Murphy & Enis, 1986). Slater and Olson (2001) developed taxonomy of marketing strategy aggressive marketers, mass marketers; marketing minimizes, and value marketers. The aggressive marketer resembles Murphy and Enis's (1986) specialty product marketers. They market high quality, innovative products with high prices, and adopt selective distribution strategies. In contrast, mass marketers offer a broad product range, use intensive distribution, and charge low prices. Marketing minimizes put the lowest emphasis on marketing, while value marketers lower prices but offer high customer service.

This study relies on the work of Porter (1980) and subsequent investigations such as Finney et al., 2005, Miller, 1988, Slater and Olson, 2000, Solberg and Durrieu, 2008 and Voola and O'Cass, 2010, and conceptualizes marketing strategy as the mechanism used to compete in the marketplace. We specifically use three strategy types focus strategy (firm focuses on a limited and specialized product range; this can be achieved either with a product or service advantage or with a narrow cost focus; they service a narrow segment of the market; and other business functions driven by this narrow focus), differentiation strategy (firms seeks to cover larger markets using differentiated products aimed at different segments; their competitive advantage lies in the brand/product; demonstrates high levels of market orientation), and price leadership strategy (these firms seek to cover larger markets and capitalize on their economies of scale; they offer price discounts; will not be under-priced; they let the price consideration drive other functions such as purchase and cost reduction; and are very sensitive of the market conditions, especially when it comes to the price element of market dynamics). For the purposes of this research, we use the term price leadership to include cost leadership and translation of this cost leadership into a price leadership strategy to compete in the marketplace. Further, while extant literature suggests that differentiation strategy could be based on both products and markets (Miller, 1988), in this study, we do not distinguish between these two bases. We next integrate these two streams of literature-i.e., channel governance structure (centralization, formalization and participation dimensions) and marketing strategy (focus, differentiation, and price leadership strategies) and then develop the hypothesized relationship between these constructs.

Extant literatures in strategy emphasize the importance of aligning an organization's strategy and governance structure for the success of any organization (Slater and Olson, 2001). This is supported by Yin and Zajac (2004) who state that "the importance of matching an organization's strategy and structure is one of the fundamental insights in the strategic management literature. This stream of research shows that while strategy or structure alone may have some influence on organizational performance, differences across firms are better predicted by considering the nature of the strategy/structure fit." In this study, the notion of strategy-structure congruence is extended from a firm level to a channel network level. This line of thinking is consistent with the writings in the channel network (Achrol, 1997; Achrol and Kotler, 1999)

and the SCM literature (Mentzer et al., 2001) which suggest that in today's complex and highly networked marketplace, the competition is really between one network and another network of firms. Further, firms operating in a particular network may find it difficult to change the network governance and hence may have to tailor their strategies to suit the channel network. Thus, we argue that as firms adopt one or the other of the three distinct marketing strategies-focus, differentiation, and price leadership strategies-they may find that the existing channel network governance structure centralization, formalization, and/or participation-may either enhance or hinder the adoption and/or implementation of these three strategies.

Channel networks that have a highly formalized governance structure are likely to have well laid out rules, regulations, and procedures for almost all aspects of channel management, including strategy formulation and implementation (Auh and Menguc, 2007; Jaworski and Kohli, 1993). Clearly, a highly formalized governance structure makes things somewhat transparent. Moreover, in the strategy literature, Love et al. (2002) found that in firms with high levels of de-centralization, explicit articulation of strategy is essential for successful implementation, thus alluding to the importance of formal rules and regulations in strategy implementation. In the same vein, Lassar and Kerr (1996) found that firms with a focus strategy have high behavioral control and low contractual restrictions, whereas cost leaders have the lowest behavioral control and lower contractual restriction. Differentiators have the highest score on contractual restrictiveness. Walker and Reukert (1987) suggest that a low cost strategy is positively associated with formalization. Reukert et al. (1985) suggest that formalization leads to enhanced efficiency by routinizing repetitive activities and transactions.

Strategy literature suggests that both differentiation and price leadership strategies require a high level of market orientation and channel member participation (Auh and Menguc, 2007). Jaworski and Kohli (1993) found a positive relationship between connectedness and market orientation. Lassar and Kerr (1996) found a positive relationship between a differentiated strategy and a highly involved relationship among network partners. They also found cost leaders to be lowest on behavioral orientation, contractual restriction, and manufacturer coordination; and with medium levels of manufacturer support. Li and Dant (1999) found that differentiators are associated with higher levels of channel relationalism. Reukert et al. (1985) argued that a relational structure, often high on participation, is highly adaptive and effective for non-routine tasks.

Very limited studies have been conducted relating to the marketing strategies in Nepal. The major export of Nepalese RMG has been started since mid 1980s and became a prominent player in the economy within a short period of time (SAWTEE, 2007a). Nepal exports its RMG products mainly to the USA, EU, India, and other Asian and African countries (Belbase and Kharel, 2009). Even though prominent immediately, Due to poor export strategy of the country, the RMG export earnings has been declined by a compound annual rate of 14.2 per cent between 2000 and 2010; and by 21.2 per cent from 2005 to 2010 (Belbase

and Kharel, 2009). Similarly, national total exports growth declined to negative (-1.4 per cent) in 2006/07 from 39.7 per cent in 1999/2000. The contribution of total national exports to gross domestic product (GDP) was 13.6 per cent in 1999/2000, declining to 8.2 per cent in 2006/07 (Ministry of Finance, 2007). The industry has been facing stiff competition in the global market since the phase-out of all T&C quotas from 1 January 2005 under the ATC (WTO Agreement on Textiles and Clothing). Several RMG-exporting countries, such as Bangladesh, Cambodia and China, have capitalized on the freeing up of the global RMG trade (Azim and Nasir, 2003). Due to lack of scientific researches on Nepal on this field, it is difficult to find the researches and compare the researches. Only few appropriate data from previous researches have been found to address the issue of this research.

III. Export Trend and Strategy of Nepalese RMG

3.1 Export Trend

The major export of Nepalese RMG has been started since mid 1980s and became a prominent player in the economy within a short period of time (SAWTEE, 2007a). Nepal exports its RMG products mainly to the USA, EU, India, and other Asian and African countries (Belbase and Kharel, 2009). Nepal has been facilitated by the derogation from the EU GSP rules of origin, and the provision has been renewed by the EU twice at Nepal's request. Nepal is also a beneficiary of the EU's 'Everything but Arms' scheme, which provided duty and quota free market access to all LDC products since 2001. This allows Nepalese exporters to enter into the EU market with only one-step processing. Despite this incentive scheme, Nepalese exporters are not able to increase exports to the USA and EU. The total export performance was generally on a rising trend up to 2001. It was in 1998/99 that the garment industry overtook the woolen carpet industry, to become the leading export industry of Nepal for the first time after a decade (Belbase and Kharel, 2009). In 2002, a sharp decline in exports was recorded. There was a rebound in 2003 but exports fell continuously thereafter (Figure 1). According to TEPC (2011), which computed the export figure on the basis of actual garment items, the export figure increased from NRs. 5,617.5 million in 1997 to NRs. 11,624.3 million in 2003, followed by steep falls of 17.5%, 33.7%, 14.4%, 27.5%, 20.5%, 27.3% and 28.2% in 2004, 2005, 2006, 2007, 2008, 2009 and 2010, respectively (Table 1).

The major reasons for declining Nepalese RMG exports are due to the combined effects of domestic conflict, the adverse international climate following the 9/11 attacks in the United States and the global

abolition of T&C quotas covering major RMG products exported by Nepal, the ATC expiry dealt a hard blow to Nepal's RMG industry (Belbase and Kharel, 2009). The fierce competition in the global T&C market after the termination of the ATC has severely affected Nepal's RMG industry, which ranks among the two top merchandise export products of the country.

〈Table 1〉 Trend of export volume, value and growth rate of the Nepalese RMG in the world markets

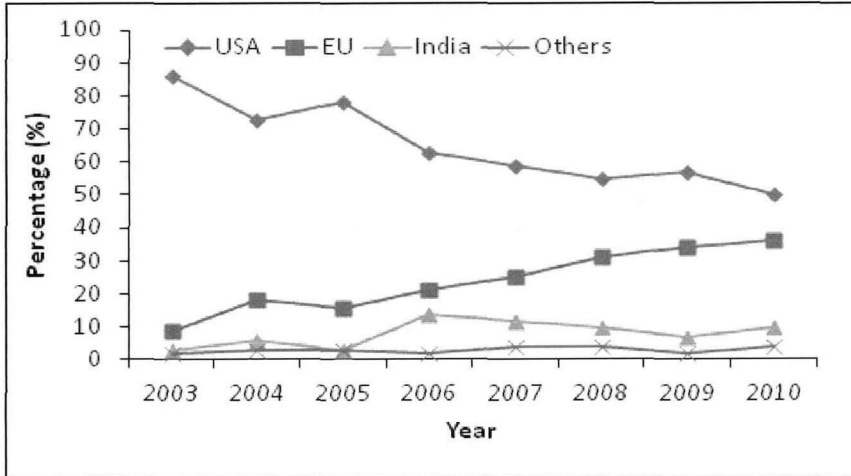
Source: Trade and Export Promotion Centre (2011), Lalitpur, Nepal.

Note: na = not available,* = in millions.

Fiscal year	Export value(NRs.)*	Growth rate	Export volume (pieces)*	Growth rate
1997	5 617,5	-	30,0	-
1998	6 783,0	20,7	35,0	16,7
1999	8 368,2	23,4	37,7	7,7
2000	11 500,2	37,4	42,5	12,7
2001	11 030,7	-4,1	40,7	-4,2
2002	na	na	na	na
2003	11 624,3	-	45,9	-
2004	9 592,6	-17,5	39,0	-15,0
2005	6 355,5	-33,7	27,0	-30,9
2006	5 443,0	-14,4	25,2	-6,5
2007	3 947,4	-27,5	17,2	-32,0
2008	3138,2	-20,5	12,3	-28,2
2009	2281,5	-27,3	9,5	-22,5
2010	1638,1	-28,2	6,6	-30,1

The Figure 1 shows the data of export of Nepalese RMG to significant trader countries of Nepal. Data illustrates the percentage export of total Nepalese RMG with respect to time i.e, from 2003 to 2010 each year. It shows that the share of the United States market in total export earnings has been decreasing linearly from 86% in 2003 to 50% in 2010. After the expiry of the ATC in 2005, it declined sharply, whereas the share of exports to the European Union and India increased from 9% in 2003 to about to 22% in 2010 and from 3% in 2003 to 10% in 2010, respectively.

〈Figure 1〉 Country-wise annual export trend of Nepalese RMG



Source: Trade and Export Promotion Centre (2011), Lalitpur, Nepal

Note: European Union includes France, Germany, the United Kingdom, Spain and Italy. Other includes Japan and Canada.

Due to economic slowdown in United States and entire world the main importer of Nepalese RMG, USA, has sharply fallen since 2005 (SAWTEE, 2007a; Belbase and Kharel, 2009). The industry has been facing stiff competition in the global market since the phase-out of all T&C quotas from 1 January 2005 under the ATC (TEPC, 2011). Export to Europe has slightly increased as the export with US decreased. The significant reason behind this could be the EU remaining less devastated from the economic slowdown compared with other clusters. On the other hand, although Nepal does have duty- and quota-free access to the European Union market under the “Everything-But Arms” (EBA) scheme, it has not been able to fully exploit the preferential scheme to its advantage – despite the relaxation of standard European Union rules of origin – due to supply-side constraints (TEPC, 2011). The EU does not report the data on prices/values for ATC (previously MFA) product categories. It reports the data for ATC product categories only in quantity terms. Hence, the methodology followed for identifying Nepalese competitors in the case of US using UVR-cannot be employed here based directly on EU reported data (MoCS/GoN, 2010). Secondly, the ATC product categories are not classified on the basis of nature of fiber, or any such other system of classification. In this sense, the product categorization in the US is more systematic. Hence, it is not possible to directly obtain the share of fiber-based apparels and textiles in total EU imports. It is not possible to approach this limitation by presuming that the Nepalese competitors in the US market are, by and large, the same as

in the EU market. This is because the ATC product categories are different in case of US and of EU. There is no one-to-one correspondence between the product definitions of EU and of US in terms of ATC categories (MoCS/GoN, 2010).

3.2 Major competitors of Nepalese RMG

China

Chinese manufactured exports grew by 16.9% per annum over 1990–2000, compared to 6.4% for the world, 12.0% for all developing countries and 10.3% for the rest of East Asia. Its share of world manufactured exports rose from 1.7% to 4.4% over the decade. By 2002, China accounted for 5.1% of world merchandise exports and was the world's fifth largest exporter (after the United States, Germany, Japan and France). China's share of developing world manufactured exports rose from 11% to 20% over the 1990s and of East Asia excluding China from 18.7% to 41.8%. Its export gains spanned the entire technological spectrum, and were largest in the complex products that have driven export growth in the rest of East Asia. This export surge is likely to continue. China has "spare capacity" in that its per capita exports are still relatively small; wages are much lower than in its main neighbors and it has large reserves of cheap and disciplined labor. More importantly, its advantages are not confined to cheap labor, but are upgrading rapidly.

India

India, the largest economy in South Asia, is a latecomer to T&C exports compared to its neighbors. Yet, it has integrated rapidly in the global market in the past fifteen years following extensive deregulation of its textile industry in the mid 1980s. These domestic reforms were followed by trade liberalization in the early 1990s. By 2005 India exported over \$17 billion worth of clothing and textiles, a figure that rose to \$20 billion in 2006 by some estimates. While textiles used to historically dominate India's exports, clothing exports have now overtaken textiles and comprise more than half the sector's export share. Imports have also grown in recent years, from historical lows of 1.2% of exports in 2000 to 11% in 2005. Most of this import growth is accounted for by a rapid rise of fabric and textile exports after the elimination of quotas. Today, India's textile imports are the largest in South Asia, of over \$2 billion, despite the existence of vast domestic production capacities in India.

Bangladesh

Bangladesh's textile and clothing sector began to grow in the mid-1970s and has grown dramatically in

the past twenty years. Its total exports have grown rapidly post-MFA contrary to widespread predictions that quota elimination would harm its clothing exports. By some accounts Bangladesh's T&C exports nearly doubled from \$6.2 billion in 2004 to an estimated \$12 billion in the first quarter of 2007. As we noted, ready made garments dominate the structure of output in Bangladesh's T&C industry. Clothing accounts for 80% of Bangladesh's exports, contributing 10% to GDP, 30% to manufacturing output and 17% to total imports. The sector employs 2 million people, mostly women, directly and another 8 million indirectly

Sri Lanka

Sri Lanka is distinct in South Asia in that its T&C industry is dominated not by a cotton fiber base, but by sophisticated blends and man-made fibers, even though cotton is also important. Sri Lanka has carved a niche for itself for the production of lingerie, swimwear and suits and sets. It is also known for its leadership in corporate and social responsibility, and has the highest textile sector wages in South Asia. An effort is underway to set itself apart from Asia's other low-wage clothing exports by branding 8 itself as the source of 'Garments without Guilt' and ethical sourcing. The government and industry associations and the country's largest firms are fully behind this new initiative (interviews, Sri Lanka, JAAF and others 2007). Clothing dominates Sri Lanka's textile and clothing sector. Clothing exports constitute 95% of its T&C exports, and in 2006 it exported \$3 billion worth of clothing primarily to the US (56% in 2006) and secondarily to the EU (39% in 2006).

Competitor Ranking

As shown in Table 2, the biggest competitors of Nepalese RMG industries are China and India, followed by Bangladesh and African & Sub-Saharan countries. Out of 50 respondents, 42%, 32% and 24% respondents ranked China as a major competitor by ranking 1, 2 and 3, respectively. Similarly, out of 50 respondents, 26%, 36%, 28% and 10% respondents ranked India as a major competitor by ranking 1, 2, 3 and 4, respectively. Bangladesh and African & sub-Saharan countries are the major competitors after China and India. 18%, 24%, 26%, 22% and 10% respondents ranked Bangladesh as a major competitor by ranking 1, 2, 3, 4 and 5, respectively. 12%, 8%, 16%, 20% and 22% respondents ranked African & Sub-Saharan countries as major competitors by ranking 1, 2, 3, 4, and 5, respectively. Sri Lanka & East Asia are not the minor competitors of Nepalese RMG industries. The data reported by TEPC (2011) also shows the similar scenario of the competitors of the Nepalese RMG industries.

These data shows that two biggest economy countries, China and India, are the major competitors of Nepalese RMG industries. The RMG industries in Sri Lanka and African & Sub-Saharan countries have also been rapidly arising, and might become the major competitors in future if Nepal couldn't implement the

effective marketing strategies. Thus, strengthening the process of upgrading products is very important for the Nepalese RMG industry if it is to enhance its competitiveness. As with China and other prominent garment suppliers, Nepal needs to address both the qualitative and quantitative expansion of its RMG industry simultaneously in order to sustain the business in the long run. The country needs to be capable of adjusting its manufacturing capacity to frequent changes in customer demand. In addition to upgrading products, the country should try to achieve product and market diversification in order to diversify risks, gain access to new markets/buyers and increase export volume.

〈Table 2〉 Ranking of major competitors of Nepalese RMG industry

S.N.	Country/Rank	1	2	3	4	5	6	7
1	China	42	32	24	2	0	0	0
2	India	26	36	28	10	0	0	0
3	Bangladesh	18	24	26	22	10	0	0
4	Sri Lanka	0	0	2	26	40	24	8
5	East-Asia	0	0	2	14	20	40	24
6	African and Sub-Saharan	12	8	16	20	22	14	8
7	Others	2	0	2	6	8	22	60

Source: Field Survey, 2012. Values given are in percentage (%) of respondents.

3.3 Strength and weakness of Nepalese RMG industries

Every business organization has some strengths and weakness. An organization can exploit the opportunities and overcoming or neutralizing the threats through its strength and by reducing its weakness (Shakya, 2001; Srivastava, 2012). The mean values of major strengths and weaknesses of the Nepalese RMG industries rated by the respondents are shown in Table 3. The firms rated the mean score of its strength factors as production capacity (scale) of 2.0, manpower (skill) of 2.4, technology of 2.4, organization of 2.4, brand name of 4.2, market logistic (cycle time) of 3.2 and marketing information system (MKIS) of 3.6, respectively. They rated the mean score of its weakness factors as financial position of 3.4, marketing problems of 2.8, skilled manpower of 3.2, capital of 3.8, high cost of production of 2.6, slow distribution of 3.0 and domestic market 1.2, respectively. This study shows that the industries have more strength on product capacity and manpower, moderate strength on technology, organization and market logistic and the least strength on brand name and marketing information system.

〈Table 3〉 Significant strength and weakness of the Nepalese RMG industries

S.N.	Factors	Mean
A. Strength		
1.	Scale	2.0
2.	Skill	2.4
3.	Technology	2.4
4.	Organization	2.4
5.	Brand Name	4.2
6.	Cycle Time	3.2
7.	Marketing Information System (MKIS)	3.6
8.	Others	10
B. Weakness		
1.	Financial position	3.4
2.	Marketing problems	2.8
3.	Skilled manpower	3.2
4.	Capital	3.8
5.	High cost of production	2.6
6.	Slow distribution	3.0
7.	Domestic Market	1.2
8.	Others	0.8

Source: Field Survey, 2012.

3.4 Marketing strategies of Nepalese RMG industries

Marketing strategies are essential to attain effective marketing and to understand what marketing strategies they have adopted and what they would like to adopt (Shakya, 2001; 2005). In the present study, the respondents were asked to give their present marketing strategies, desirable output of these strategies and need of change in present strategies to obtain an increase on the export trend and marketing. The information deduced from the survey is presented in Table 4 and 5. Most of the respondents strongly argued that the promotion of Nepalese products on the export market is at very primitive level and needs immediate change and application, since the competitors have extensive promotion strategies (Table 4). Price strategies is hard to implement due to Nepal being landlocked country which increases the production and shipment

cost and majority of respondents focused on being able to implement a appropriate price strategies in order to compete. Distribution and market segmentation was also prioritized but lesser respondents think that the Nepalese product is considered of poor quality.

〈Table 4〉 Need of change in marketing strategies of Nepalese RMG industries

S.N.	Factor	Currently Implemented	Percentage (%) (n=50)
1.	Product quality strategy	72	14
2.	Price strategy	78	34
3.	Extensive promotion	84	36
4.	Extensive distribution	68	32
5.	Market segmentation	58	32

Source: Field Survey, 2012

IV. Significant Marketing Strategy Analysis Methodology, Model and Result

In order to determine the significant marketing methodology, we asked respondents their currently implemented marketing strategies and its efficiency. As multiple marketing strategies were implemented by a same company, each marketing strategies were averaged on grouping. We also asked for the marketing strategies they are planning to implement in near future.

4.1 Methodology and Model

The quantitative data was coded first and entered into the computer for analysis. The Chi-square (χ^2) test has been used to measure the degree of relationship and the differences in various forms of primary data to find out dependency or interdependency of variables. Descriptive statistics like mean, standard error, percent and frequency were used to describe market status, characteristics and strategies. Data entry and analysis were done by using computer software package, which are Statistical Package for Social Science (SPSS ver.16.0) and Microsoft Excel. Qualitative data were coded based on the thematic area that the respondent mentioned. Finally, synthesize finding from qualitative questions were presented and discusses based on main thematic areas.

Our model to determine the relationship between efficiency and marketing strategies uses following equation:

$$y = \alpha_1x_1 + \alpha_2x_2 + \alpha_3x_3 + \dots + \alpha_nx_n + \mu$$

Where, y is dependent variable, $x_1, x_2, x_3 \dots x_n$ are deterministic variables, $\alpha_1, \alpha_2, \alpha_3 \dots \alpha_n$ are their respective coefficients and μ is the error surpassing variable.

In our case the y is the efficiency and $x_1, x_2, x_3 \dots x_n$ are the dependent marketing strategies for the efficiency. We here calculate the coefficient of those variable and determine the significance of the deterministic variable i.e., marketing strategy, to our dependent variable, efficiency.

To determine the significance of strategies, we grouped strategies into independent deterministic groups as per our model which are presented in <Table 5> along with their implementation, efficiency and planned for future implementation.

<Table 5> Marketing strategies, effectiveness and need of further improvement

Strategies	Implemented	Effectiveness	Planned
Market and Costumer Profiling	62	77,8	22
Competitor Profiling and Competitiveness Analysis	84	88,6	14
Network Expansion	66	58,5	30
Sales target Analysis and Product Sales Strategies	84	74,6	9
Production Efficiency and Quality Strategies	92	79	3
After Sales Follow-up	12	45	22
Institutional Society Support and Cooperation	94	82,4	2

Source: Field Survey, 2012.

The Table 5 shows the survey results of currently implemented marketing strategies by Nepalese garment companies, the effectiveness of these strategies according to the prospect of respondents and the plan of implementing new marketing strategies. It was found that the majority of companies have not done market and customer profiling to target the specific group of customers and companies as their marketing strategies. Least implemented marketing strategy is after sales follow-up. Most effective marketing strategy was reported to be competitiveness analysis while the least was after sales follow-up.

For each marketing strategies as $x_1, x_2, x_3 \dots x_n$ we used our model to determine the coefficient of the variable which is presented on <Table 6>.

〈Table 6〉 Coefficient of deterministic variables

Strategies	Coefficient
Production Efficiency and Quality Strategies	0.838497039
Institutional Society Support and Cooperation	0.855976078
Network Expansion	0.865514205
Sales target Analysis and Product Sales Strategies	0.867205075
Competitors Profiling and Competitiveness Analysis	1.029951336*
Market and Costumer Profiling	1.225321847*
After Sales Follow-up	3.661790868**

Note: * Indicate the difference in the sample coefficient is statically significant at the 5% levels.

Coefficient showed that among all strategies, after sales follow-up is the most significant according to the data form survey (Table 5). Least significant was found to be production efficiency and quality strategies. With the current coefficient, if the overall current efficiency is considered to be 1 then according to the data derived from future implementation the efficiency is found to be 0.995797923, which is below the current efficiency. The marketing strategies 'Production Efficiency and Quality Strategies', 'Institutional Society Support and Cooperation', 'Network Expansion', 'Sales target Analysis' and 'Product Sales Strategies' clustered into one group of similar significance. 'Competitors profiling and Competitiveness Analysis' and 'Market and Costumer Profiling' forms another cluster being of even higher significance. After Sales Follow-up forms a cluster being the most significant marketing strategies implemented on current market of Nepalese RGM industries even is least implemented (Table 5).

4.2 Implication and Discussion

It is stated that both marketing strategy creativity and marketing strategy implementation effectiveness are positively and generally associated with the business unit achieving its objectives (Stanley et. al., 2010). For all of the strategy types, one or the other focus seems to dominate. The conclusion though is not that the other focus should be neglected. Instead, when faced with a constraint that requires a dominant focus, whether it is resources, skills, or culture, the marketing executive should direct the firm's activities in the optimal direction as studies suggested on (Stanley et. al., 2010). A creative strategy is the result of certain organizational characteristics and an appropriate strategy formulation process. Andrews and Smith (1996) found that marketing program creativity is positively influenced by both individual and situational factors

including the manager's knowledge of the macro-environment, formal business education, intrinsic motivation to plan, a willingness to take risks, organizational use of a moderately formal planning process, and low time pressure. Given the constraints facing marketing managers, it is imperative that they carefully consider which of these critical activities to invest in, develop supporting capabilities for, and organize around. However, Stanley et al. (2010) suggest caution as it must be noted that neither marketing strategy creativity nor marketing strategy implementation effectiveness appears to be a drag on performance for any of the strategy types. Consequently, Stanley et al. (2010) recommendation is to commit the bulk of resources to the most critical activity but not neglect the other. It may be that too great an emphasis on marketing strategy creativity for Prospectors inhibits their ability to "cross the chasm" and compete successfully in the mass market. And, it may be that too great a focus on implementation distracts the management team in Low Cost Defender firms from reinventing their marketing strategies, thus turning them into Reactors. The concept of marketing strategies in Nepali garments firms is at very primitive level and due to poor economy, unstable government and lack of support, these firms are unable to experiment with the ideas of different marketing strategies and are at no condition to take risk as the export trend is slowing down (SAWTEE, 2007b).

According to the data and analysis of the present study, the need for marketing research is vital issue that should be addressed by Nepalese companies immediately. From Table 4, need of change in marketing strategies of Nepalese RMG industries, it can be seen that marketing research is essentially required. Nepalese goods being famous on market and being liked by consumers is considered as an advantage from Table 3, but financial position, capital and investment and lack of effective distribution are also vital. It can be concluded that, industries on Nepal need a kick on capital and investment to increase on production efficiency and to research the market to understand the effective marketing strategies to be implemented. Table 5 also supports that the sector needs marketing research with condition to be able to experiment on marketing strategies. Table 6 determines the significance of marketing strategies at current situation of Nepalese RMG market.

Until now, marketing strategies is the neglected part of the garment industry in Nepal. Lack of proper vision, mission and objectives this industry is lagging behind in terms of competition. China African and Caribbean basin countries as well as neighboring South Asian countries have their own marketing and exporting strategies. However, Nepal is in survival positions instead of competitive position. As Nepal is one of the members of WTO, Nepalese RMG industry should fit the global environment. The product and market composition of garments from Nepal requires special attention to ensure the long-term sustainability of the Nepal RMG industry as a prominent supplier in the global market. Nepal needs to concentrate on improving the working environment in factories and address other social issues related to the garment

industry. The RMG firms in Nepal have been facing immense pressures from international buyers for compliance with their codes of conduct. In contrast, the big buyers are interested in continuing and expanding their business with Nepal if shorter lead-time and compliance standards can be met. Therefore, Nepal should address these issues very carefully and immediately, which are the least conditions necessary to survive the competition.

V. Conclusion

The product and market composition of garments from Nepal requires special attention to ensure the long-term sustainability of the Nepal RMG industry as a prominent supplier in the global market. Nepal needs to concentrate on improving the working environment in factories and address other social issues related to the garment industry. The current marketing strategies and political instabilities of the country are the major causes of decreasing production and export. Our research studies the completion faced by the RMG industry in Nepal. The study on competitor implicates that among the views of respondents the biggest competitors of Nepalese RMG industries are China and India, followed by Bangladesh and African & Sub-Saharan countries. Marketing strategies are basically required for product sales but it is an essential surviving tool to study and maintain own immanency on market with the competitors.

This study indicated that market orientation is one the most important firm-level factors that allows high levels marketing exploitation strategies improving current knowledge to be used profitably by the RMG firms. The most effective marketing strategies that the Nepalese RMG companies implementing are 'Competitor Profiling and Competitiveness Analysis'; however, they realized that the current strategies implemented is of old fashioned and needs an effective change on both 'Extensive promotion' and 'Price strategy'. Our study showed the efficiency of various marketing strategies according to current survey. This efficiency is used to project the efficiency of strategies to be implemented in future. 'Network Expansion' is planned to be implemented by most of the garments factories, which they thought the more than average efficiency on marketing. Our study concluded that 'After Sales Follow-up' strategy had primary efficiency even though least implemented, followed by 'Market and Costumer Profiling' and 'Competitors Profiling and Competitiveness Analysis'. A conclusion can be drawn from the efficiency analysis of marketing strategies that costumers seek for confirmation on the product they buy and it is necessary to have a good communication and feedback from costumers and distributors.

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네팔의 의류산업 수출 마케팅 전략

프라카쉬 비쇼* · 정지영** · 고이랄라 기소르***

요약

네팔의 의류산업은 가장 큰 국가 기간 산업 중 하나이며 네팔 경제의 중요한 역할을 차지하고 있는, 외화 수입의 주요한 원천이다. 이 연구의 목적은 네팔산업의 수출현황과 마케팅 전략, 마케팅 전략을 발전시키기 위함이다. 주요 자료들과 이차적 자료들 모두 이 연구를 위해 사용되었다. 이 논문은 2003년 이후 네팔산 의류 수출산업은 전반적으로 감소추세에 있다. 현재의 마케팅 분석에 따르면, 전력량 감소와 정치적 불안정이 산업의 생산과 수출 감소에 중대한 요인으로 꼽혔다. 지금까지 수출 마케팅은 의류산업에서 거의 무시되는 영역이었다. 네팔 산업에 도움이 되는 거의 대부분의 전략은 경쟁자 프로파일링 과 경쟁 분석법(Competitor Profiling and Competitiveness Analysis)이었다. 그러나 지금까지 사용된 전략들이 이미 시대에 뒤쳐진 것이고, 시장상황의 필요를 충족하기에 효과적이지 못했다. 따라서 수출 마케팅 전략에도 변화가 필요하며 감정평가에 있어서도 시급한 변화들이 필요하게 되었다. 우리의 연구는, 애프터서비스(After Sales Follow-up) 전략이 여타의 시장 및 고객 프로파일링(Market and Customer Profiling)과 경쟁자 프로파일링 및 경쟁 분석법(Competitors Profiling and Competitiveness Analysis) 보다 더 효과적이라고 결론 내렸다. 세계 의류산업에서 벌어지는 경쟁에서 살아남기 위해서는, 네팔 정부와 산업주체들이 반드시 협력해야만 한다.

핵심주제어: 기성복, 수출, 마케팅전략, 네팔

* 제1저자, 전북대학교 무역학과 박사과정

** 공동저자, 전북대학교 무역학과 교수

*** 공동저자, 전북대학교 무역학과 박사과정

Data Collection and Questionnaires

The research design adopted in this study was basically descriptive; however, some of the hypotheses were also tested. Both the primary and secondary data were used in the present study, but main focus was given to primary data. The study was carried out through survey. The survey was conducted in Kathmandu, Nepal. For primary data collection, fifty small, medium and large-sized RMG firms were randomly selected to identify the export status of Nepalese RMG and other various aspects related with marketing strategy of Nepalese RMG. Great care has been taken to select the samples so that they represent the actual garment service population. Primary data were collected through questionnaire, interview and discussions. A pre-tested interview schedule, comprised of both open-ended and close-ended questionnaires, was administered to the selected business persons. The set of questionnaire was distributed to the CEO, MD and marketing manager or entrepreneurs of the selected firms. Interviews were also conducted with few executives and managers in order to acquire in depth information and support the survey for the study. Personal visit was made to have direct contact with the interviewees so that more information & data could be collected & relative accuracy ensured.

The questionnaire prepared for data collection was related to marketing strategies. They also inquired about the background information of industries, objective, business policies, marketing system, status, organizational and managerial competitive strategies, external and internal business environment and planning, and implementation of the industries. The questionnaire included two types of questions open-ended, close-ended or mixed. In open-ended questionnaires, respondents were asked to provide their own answer. In close-ended questionnaires, respondents were asked to select the answer from the list provided by the interviewers. Following are the sets of questionnaires and some examples of the questionnaires asked to respondents.

1. How do you rate the effectiveness of your export marketing strategies and policies? Rate with numbers between 1 to 5, 1 being least and 5 being highest.
 - _____
2. When do you analyze your export marketing strategies?
 - Annually
 - At the time of formulating plans
 - No fixed period
3. Do you think that company can achieve the desired objectives only through the export marketing

strategies?

No _____

Yes _____ If yes, what extent (Rate with numbers between 1 to 5, 1 being least and 5 being highest) _____

4. Do you agree that export marketing strategies can overcome almost all the problem that industry faces in the quota free market? (Rate with numbers between 1 to 5, 1 being least and 5 being highest)

• _____

5. Which of the following promotion strategies do you take in quota free market?

- Consumer Promotion (Pull Strategy) ()
- Dealer Promotion (Push Strategy) ()
- None of the above ()

6. Rank the following countries as the competitors of RMG industries for Nepal.

- China
- India
- Bangladesh
- Sri Lanka
- East-Asia
- African and Sub-Saharan
- _____ (open end)

7. Check the following parameters that you consider as strength or weakness for RMG Nepal.

(Multiple selection allowed)

- Scale
- Skill
- Technology
- Organization
- Brand Name
- Cycle Time
- Marketing Information System (MKIS)
- Financial position
- Marketing problems
- Skilled manpower
- Capital
- High cost of production

- Slow distribution
- Domestic Market
- _____ (Open end)

8. From the marketing strategies listed below, select (multiple allowed) marketing strategies implemented and its effectiveness on percentage. Also select the marketing strategies planned to be implemented on future.

- Costumer Profiling
- Market Segmenting and Profiling
- Competitor Profiling
- Network Coverage and Expansion
- Sales and Merchandise
- Promotion and Design
- Sales Target Analysis
- Price Management
- Quality Control and Standards
- After Sales Services
- Production Cycle and Demand carry-out
- Institutional Society and Support
- Production efficiency and enhancement
- _____ (Open end)