SIGNIFICANCE OF MARKETING ACTIVITIES IN GARMENTS INDUSTRY: EXPERIENCE FROM BANGLADESH

Mahamudul Hasan

Department of Marketing, Faculty of Business Studies,
Bangladesh University of Business and Technology (BUBT)

ABSTRACT: This study aims to investigate the importance and effect of marketing activities in the garments industry of Bangladesh. The researchers have used a structured questionnaire to collect data from seventy garments companies of Dhaka city. Descriptive statistics, one sample t test and regression analysis have been subsequently used to analyze the data. The analysis shows that product planning, pricing, promotion, distribution, market research and marketing planning related activities are important for the garments business. The regression analysis shows that importance given to pricing and importance given to promotion have significant positive relationship with the overall performance of the garments business.

1. Introduction:

Garments industry has a significant role in the economy of Bangladesh. The export earning and employment generation of Bangladesh are largely dependent on this sector. The academicians have given much emphasis on this sector so lots of research works have been performed on various issues of RMG sector in Bangladesh. But it has been accepted that the number of management publications about the practice of marketing in RMG industry of Bangladesh is quite rare. Marketing is an indispensable part for the survival and growth of business organizations in this modern business world. This is not important just to satisfy the customers rather this is also important to beat the competitors. By focusing on better marketing practice the organizations can make better performance than their competitors. The nature and practice of marketing in RMG firms is different from other firms but the importance of marketing activities for RMG firms is not small. This study focuses on the importance of marketing activities in garments industry and examines the relationship between importance given to marketing activities and the performance of RMG companies in Bangladesh.

2 Literature Review:

Kotler (2001) distinguishes between social and managerial definition of marketing. According to a social definition, marketing is a societal process by which individuals and groups obtain what they need and want through creating, offering, and exchanging products and services of value freely with others. As a managerial definition, marketing has often been described as "the art of selling products." In 2004, the AMA announced a new definition of marketing: Marketing is an organizational function and a set of processes for creating, communicating and delivering value to customers and for managing customer relationships in ways that benefit the organization and its

stakeholders. The new definition was unveiled at AMA's Summer Educators' Conference in Boston in August 2004 (Keefe, 2004). Urbonavičius et al, (2007) studies how top managers of companies see importance of marketing function as well as certain types of marketing activities. These types include typical areas of 4 P's as well as marketing planning and marketing research activities.

There are numerous studies that analyze specific marketing activities and their relationship with certain aspect of other functions within a company. Many of them discuss relationship between marketing and finance functions, or model financial outcomes of marketing activities (Sheth, Sharma 2001; Uzelac, Sudarevic 2006). Some studies cover the strategic and managerial as-pects of marketing activities, thus integrating managerial perspective into the picture. (Webster, 2005). Slater and Olson (2001) conducts a thorough study of journal articles and marketing management texts to identify the marketing activities that marketing strategy subsumes. They have categorized these activities according to Kotler's (1994) STP (segmentation, targeting, and positioning) framework and McCarthy's (1975) 4Ps (product, price, place, promotion).

Hoefler and keller (2003) discusses about marketing activities and the marketing advantage of strong brands. They categorize marketing activities into product, extensions, price, communications and channels related marketing activities. Their study delves into more detail about how differences in consumer brand knowledge affect the response of consumers to marketing activity.

Millat (2010) states that Garment owners should provide more emphasis to their marketing activities. They should start marketing through trade fair and Internet. They should try to build International reputation.

Kincade, Doris H.; Woodard, Ginger A.; Park, Haesun (2002) studied Buyer–seller relationships for promotional support in the apparel sector which is critical for success. Results indicated that monetary support was regarded as the most important promotional support. A positive and significant correlation was found between items the buyers perceived as important and the frequency of offerings of these items.

Kennedy [2003] pointed out, under the turbulent market such as apparel industry, firms are often dependent on current customers too much. That situation makes the apparel firms less motivated to scan potential market needs. However, by accepting wide variety of models from various customers in short time, a small firm can avoid from overdependence of trade and information on only limited customers.

Završnik and Mumel (2007) found that advertising is one of the most important instruments of marketing communications mix in the clothing industry in Slovenia. Also important are personal selling and sales promotion & public relations. It should be emphasized that a collection of quality and fashionably designed clothes, appropriate prices of products, and appropriate distribution are the preliminary conditions for marketing communication being able to contribute to a company.

3. Objectives of the Study:

The study seeks to achieve the following objectives:

- To know about the importance of marketing activities in garments industry of Bangladesh.
- To know about the relationship between importance given to marketing activities and performance of the garments business.
- To give some recommendations against major findings.

4. Methodology of the study

4.1 Formulation of hypotheses

Based on the literatures discussed above and objectives of the study the following hypotheses have been developed:

Hypotheses 1: Product planning is an important marketing activity for Garments business.

Hypotheses 2: Pricing is an important marketing activity for Garments business.

Hypotheses 3: Promotion is an important marketing activity for Garments business.

Hypotheses 4: Distribution is an important marketing activity for Garments business.

Hypotheses 5: Marketing Planning is an important marketing activity for Garments business.

Hypotheses 6: Marketing Research is an important marketing activity for Garments business.

Hypotheses 7: There is a significant relationship between importance given to marketing activities and the performance of garments business.

4.2 Study period and data collection

To achieve the objectives of the study both the primary and secondary information have been collected. Secondary information has been collected from journals, newspapers, websites and reports on garments industry of Bangladesh. Survey method of Simple random sampling method has been applied in this study. The study is mainly based on primary data and the study was conducted among garments businesses in Bangladesh from June, 2014 to August, 2014. Data has been collected from 70 garments companies of Dhaka city. The respondents are managers and employees of garments business who are directly employed with marketing activities.

4.3 Questionnaire

A structured questionnaire was constructed to capture the importance given to different marketing activities of garments business. Responses to these questions were measured by a five-point Likert scale. For example, "1" denoted as not important at all, "2" denoted as somewhat unimportant, "3" denoted as somewhat important, "4" as very important, and "5" as extremely important. The responses regarding the performance of garments business has been captured through likert-scale.

In order to collect relevant and adequate data it is necessary to follow proper methods

4.4 Sampling Plan:

Population: All the garments business organizations in Dhaka. The total number is approximately 5000.

Sampling Element: Individual garments business organization.

Sampling Frame: Structured sampling frame was found form the website of BGMEA.

Sampling Procedure: Simple random sampling has been used for selecting the sample.

Sample Size: 70 garments companies have been selected as sample.

Data Analysis: Descriptive statistics (mainly average, frequency, percentage) has been applied for analysis. To test the hypotheses one sample T test and regression analysis have been used. Statistical Package for Social Science (SPSS) software used to find out data output.

5. An Overview of the Garments Industry in Bangladesh:

The RMG industry has been Bangladesh's key export industry and a main source of foreign exchange for the last 25 years. As a result of an insulated market guaranteed by Multi-Fibre Agreement (MFA)[2] of General Agreement Tariff and Trade (GATT) and supportive policies of the Government of Bangladesh (GoB), it attained a high profile in terms of foreign exchange earnings, exports, industrialization and contribution to the GDP within a short period. In less than a decade it increased its exports, foreign exchange earnings, and contribution to the GDP by 4.39 %. RMG exports reached a steadfast figure of USD 17.91 billion in fiscal year 2010-2011; accounting more than 78% of national export earnings, which was about 4%-5% of the global total of such exports. It further contributes 10% to the country's GDP. Bangladesh's garment industry provides employment to about than 3.6 million workers which 2.8 million are women (Mahmud R.B., 2012).

Workers in the Bangladesh RMG sector often work long hours for unusually low pay, regardless of laws mandating overtime pay or a minimum wage. The RMG wage level is one of the lowest in the world. Even by South Asian Standards, it remains very low with average hourly wage in Bangladesh being 42%, 50% and 33% at those in India, Nepal and Sri Lanka (Ahamed F., 2011).

RMG industry shows a spectacular growth in exports the last two decades, US dollar 12 million in 1984/85 to US dollar 12.35 billion in the last 2008/2009. According to a report of US state of labor in September 2009 the garments sector of Bangladesh is totally free from Child labor and forced labor. The garments industry Accounts for 78% of country's export earnings. This sector contributes more than 10% to GDP and is playing a lead role to alleviate poverty through skills development and employment generation.

Around 20 million people are directly and indirectly depending on this sector for their immediate livelihoods. Garments manufacturers offer Competitive price with international quality standard. The sector has State-of-the-art factories with good housekeeping and social standards.

This industry has Superiority in lower end niche as well as plenty of suppliers doing brand items.(www.bgmea.com .bd, 2014).

Leading international retailers, especially from the value sector, started to source in Bangladesh already in the 1980s. Over time, buyers have strengthened their sourcing base by shifting toward direct sourcing and opening their own local offices in Dhaka and Chittagong. Of the European and US buyers McKinsey surveyed, 72 percent of those with activities in Bangladesh source directly. The high share is confirmed by the suppliers – 69 percent of the surveyed suppliers focus on working directly with international buyers. Bangladesh offers the two main "hard" advantages – price and capacity. It provides satisfactory quality levels, especially in value and entry-level mid-market products, While acceptable speed and risk levels can be achieved through careful management. (Berg et al, 2011).

6. Results and Discussions:

Table 1
Frequency distribution

Statements	Not important at all	Somewhat unimportant	Somewhat Important	Very important	Extremely important
Product					
1. Ensuring product quality for the buyers.			4%	6%	90%
2. Offering product of latest design and style.			20%	32%	48%
3. Attractive packaging of product.		6%	34%	36%	24%
4. Developing innovative new products.		2%	24%	48%	26%
Distribution	Not important at all	Somewhat unimportant	Somewhat Important	Very important	Extremely important
1 .Distributing your product through best middlemen.	2%	4%	26%	26%	42%
2. Using quick transportation system to send the products to buyers.			2%	10%	88%
3. Using efficient inventory management system.		4%		34%	62%
Pricing:	Not important at all	Somewhat unimportant	Somewhat Important	Very important	Extremely important
1. Pricing below the other garments companies.			12%	34%	54%
2. Providing discounts to the buyers.		2%	8%	42%	38%
Promotion:	Not important at all	Somewhat unimportant	Somewhat Important	Very important	Extremely important
1. Generating high quality advertisements in newspapers, radio,	94%	4%	2%		

	Not important at all	Somewhat unimportant	Somewhat Important	Very important	Extremely important
Television.					
2. Web/Internet communication with buyers.			8%	20%	72%
3.Highly skilled and knowledgeable sales person/sales representative who will communicate with buyer.			2%	16%	82%
Market Research	Not important at all	Somewhat unimportant	Somewhat Important	Very important	Extremely important
1. Systematically learn about customers.		4%	28%	24%	44%
2. Analyzing competitor actions and objectives.			30%	38%	32%
3. Collecting information about garments industry trends.			26%	34%	40%
Marketing Planning	Not important at all	Somewhat unimportant	Somewhat Important	Very important	Extremely important
1. Developing plan to attract and satisfy buyers.				42%	58%
2. Developing plan about products, price, place and distribution.		2%	4%	42%	52%
3. Developing marketing planning document.		2%	12%	56%	30%

The above table shows the frequency distribution of the statements about the importance of marketing activities in garments industry of Bangladesh. The table demonstrates that most of the respondents consider product, price, promotion, distribution, market research and marketing planning related activities important for their firms.

6.1 Hypotheses testing
Hypotheses 1: Product planning is an important marketing activity for Garments business.
H0: Product planning is not an important marketing activity for garments business.
H1: Product planning is an important marketing activity in garments business.

Table 2
One-Sample Test

| | Test Value = 3 | | | | | |
| | t | df | Sig. (2-tailed) | Mean Difference | 95% Confidence Interval of the Difference | |
					Lower	Upper
Ensuring product quality	24.628	49	.000	1.82000	1.6715	1.9685
offering product of latest design and style	11.552	49	.000	1.28000	1.0573	1.5027
Attractive packaging of product	6.216	49	.000	.78000	.5278	1.0322
Developing innovative new product	9.011	49	.000	.98000	.7614	1.1986

The above table analyzes that product planning is an important marketing activity for the garments organizations in Bangladesh. This hypothesis is dependent on four more other variables which were tested as separate hypotheses. All the hypotheses are significantly accepted according to our one sample t-test as the significance of calculated value (.000), for all the four hypotheses (table 24), is less than critical value (0.05). So we can conclude that product planning is an important marketing activity for the garments organizations.

Hypotheses 2: Distribution is an important marketing activity for Garments business.
H0: Distribution is not an important marketing activity for garments business.
H1: Distribution is an important marketing activity for garments business.

Table : 3
One-Sample Test

| | Test Value = 3 | | | | | |
| | t | df | Sig. (2-tailed) | Mean Difference | 95% Confidence Interval of the Difference | |
					Lower	Upper
Distributing product through best middlemen	7.071	49	.000	1.02000	.7301	1.3099
Using quick transportation system to send the products to buyers	32.509	49	.000	1.86000	1.7450	1.9750
Using efficient inventory management system	19.442	49	.000	1.58000	1.4167	1.7433

The second hypothesis (table 3) is also getting acceptance at 5% significant level as all of its variables which were converted into different hypotheses are producing calculated value less than 5%. The actual value of all the hypotheses is 0.00. So we can conclude that distribution planning is an important marketing activity for the garments organizations.

Hypotheses 3: Pricing is an important marketing activity for Garments business.

H0: Pricing is not an important marketing activity for garments business.

H1: Pricing is an important marketing activity for garments business.

Table: 4

One-Sample Test

	Test Value = 3					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Pricing below other garments comapnies	14.294	49	.000	1.42000	1.2204	1.6196
Providing discounts to the buyers	10.359	49	.000	1.16000	.9350	1.3850

The above table analyzes whether pricing is an important marketing activity for the garments organizations in Bangladesh or not. This hypothesis is dependent on two variables which were tested as separate hypotheses. All the hypotheses are significantly accepted according to our one sample t-test as the calculated value (.000), for all the two hypotheses (table 26), is less than critical value (0.05). So we can conclude that pricing is an important marketing activity for the garments organizations.

Hypotheses 4: Promotion is an important marketing activity for Garments business.

H0: Promotion is not an important marketing activity for Garments business.

H1: Promotion is an important marketing activity for Garments business.

Table: 5

One-Sample Test

	Test Value = 3					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Generating high quality advertisements in media	-39.876	49	.000	-1.92000	-2.0168	-1.8232
Web/Internet communication with buyers	18.373	49	.000	1.64000	1.4606	1.8194
Highly skilled and knowledgeable sales person /sales representative	28.174	49	.000	1.80000	1.6716	1.9284

This hypothesis (table 5) testifies whether promotion is an important marketing activity for the garments industry or not. With calculated value less than the critical value (0.00<0.05), the broken down hypotheses are well accepted (table27). So we can conclude that promotion is an important marketing activity for the garments business. The table shows the negative t value for the generation of high quality advertisements in media which indicates that this is not important for the promotion of garments business.

Hypotheses 5 Market research is an important marketing activity for Garments business
H0: Market research is not an important marketing activity for Garments business.
H1: Market research is an important marketing activity for Garments business.

Table 6

One-Sample Test

	Test Value = 3					
					95% Confidence Interval of the Difference	
	t	df	Sig. (2-tailed)	Mean Difference	Lower	Upper
systematically learn about customers	8.088	49	.000	1.08000	.8117	1.3483
Analyzing competitor actions and objectives	9.071	49	.000	1.02000	.7940	1.2460
Collecting information about garments industry trends	9.972	49	.000	1.14000	.9103	1.3697

The fifth hypothesis is dealing with the importance of market research on garments businesses. This hypothesis (table 28) is accepted as the three variables have produced the calculated value less than the critical value (0.00<0.05).

Hypotheses 6: Marketing planning is an important marketing activity for Garments business
  H0: Marketing planning is not an important marketing activity for Garments business.
  H1: Marketing planning is an important marketing activity for Garments business.

Table: 7
One-Sample Test

	Test Value = 3					
					95% Confidence Interval of the Difference	
	t	df	Sig. (2-tailed)	Mean Difference	Lower	Upper
Developing plan to attract and satisfy buyers	22.409	49	.000	1.58000	1.4383	1.7217
Developing plan about products, price, place and distribution	15.087	49	.000	1.44000	1.2482	1.6318
Developing marketing planning document	11.513	49	.000	1.14000	.9410	1.3390

The above table analyzes that Marketing planning is an important marketing activity for the garments organizations in Bangladesh. This hypothesis is dependent on three variables which were tested as separate hypotheses. All the hypotheses are significantly accepted according to our one sample t-test as the calculated value (.000), for all the three hypotheses (table 29), is less than critical value (0.05). So we can conclude that marketing planning is an important marketing activity for the garments organizations.

Hypotheses 7:

H0: There is no relationship between Importance given to marketing activities and the performance of the Garments business.
H1: There is significant relationship between Importance given to marketing activities and the performance of the Garments business.

Table 8

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.477[a]	.327	.290	.45541

The value of R2 = 0. 327 or 32.7% variation in the dependent variables can be explained by the regression model. The value of adjusted R2 = 0.290 or 29% Adjusted R2 suggested that, addition of the other independent variables do not make a contribution in explaining the variation in the dependent variable.

Table 9

ANOVA^b

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2.625	6	.437	22.109	.002^a
	Residual	8.918	43	.207		
	Total	11.543	49			

a. Predictors: (Constant), Importance of marketing planning, Importance of Distribution, Importance of promotion, Importance of product, Importance of marketing research, Importance of Pricing

b. Dependent Variable: Performance of the company

Model summary (see Table 8) and the ANOVA summary (see Table 9) indicate that the overall model of the six independent variables is significantly related to the performance [$R2 = .327$, F (6, 43) = 22.109, p<.005]. Therefore, the hypothesis, that the 6 predictor variables (i.e., Importance of marketing planning, Importance of Distribution, Importance of promotion, Importance of product, Importance of marketing research, Importance of Pricing) have significant relationship with performance of garments business.

Table 10

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.771	1.124		1.576	.122
	Importance given to product	.125	.146	.128	.858	.395
	Importance given to Distribution	.059	.145	.057	.408	.686
	Importance of Pricing	.142	.130	.178	1.095	.02
	Importance of promotion	.676	.225	.408	3.001	.004
	Importance of marketing research	-.171	.116	-.238	-1.476	.147
	Importance of marketing planning	-.107	.155	-.110	-.692	.493

a. Dependent Variable: Performance of the garments business.

While applying the regression approach (see Table 10), two variables (i.e., Importance of pricing and Importance of promotion) were significant in predicting the performance of garments businesses.

The regression analysis of this study explains the relationship between importance given to marketing activities and performance of the company. The analysis reveals that there is a significant positive relationship between the importance given to marketing activities and performance of the garments business wherever importance given to pricing and product are found to be significant.

The research result provides some significant findings. Product planning is an important marketing activity for garments industry. Ensuring product quality, maintaining latest design and style, attractive packaging and developing innovative new product is important for the garments organizations. Distribution holds a key role in marketing activities of garments industry. Distributing product through best middlemen, using quick transportation system and efficient inventory management system is vital for the garments business. Pricing below other competitors and providing discounts to the buyers is crucial for the garments business. The role of promotion in garments business is significant though it's nature is somewhat different. Highly skilled salesperson and web communication with buyers is significant for the garments industry. The fifth hypotheses exposed the imperative of market research in garments industry by verifying three variables which are found significant in one sample t-test.

Conclusion and Recommendations:
The nature of the marketing functions in garments business is somewhat dissimilar from the marketing of other products. However, the importance of core marketing activities is not little for garments business. Proper emphasis should be given to the marketing activities of garments business. Supply chain or procurement department is not very strong in garments organization which causes that the merchandisers procure all the raw materials of garments. For that reason the merchandisers become unable to meet the lead time. So supply chain department should be strong enough to release the pressure from the merchandisers. Quality assurance system should be modernized because quality is the top priority of all international buyers. Garments companies should set the competitive price for their product and should provide discounts to the buyers. The promotion of garments product is not so easy because here the role of mass media is not significant for that reason the garments companies depend on merchandisers and well qualified salespeople. Highly skilled and knowledgeable sales person or sales representative should be appointed who can deal with professional buyers. Web communication with buyers and online Dealings is essential for the success of garments business for that reason technological development and the exploitation of Internet is a must.

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