



**INDIRA GANDHI NATIONAL OPEN UNIVERSITY
SCHOOL OF MANAGEMENT STUDIES**

**THE MARKET CHALLENGE OF DOMESTICALLY ASSEMBLED
AUTOMOBILES IN ETHIOPIA: A CAS OF MESFIN INDUSTRIAL
ENGINEERING PLC**

BY

MERID LEGESSE REDA

MAY 2018

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**A THeSSIS SUBMMITED TO THE COORDINATION (PROJECT)
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CERTIFICAT OF ORIGINALITY

This is to certify that this thesis entitled “**The Market Challenge of Domestically Assembled Automobiles In Ethiopia: A case of Mesfin Industrial Engineering PLC**” is an original work of the student and is being submitted in partial fulfillment of the requirements for the award of the degree of Master of Business Administration Specialization in marketing Management Program of Indira Gandhi National Open University School of Management Studies. This paper has not been submitted earlier to the university or any other university/institution for the fulfillment of the requirements of course of study.

Supervisor

Signature

Place

Date

Student

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Date

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Table of Contents

Page

CERTIFICAT OF ORGINALITY.....	ii
ACKNOWLEDGEMENTS	iii
LIST OF TABLES.....	viii
LIST FIGURES.....	xi
ABBREVIATIONS AND ACRONYMS	xii
ABSTRACT.....	xiii
CHAPTER I: INTRODUCTION.....	1
1.1 Background of the Study	1
1.2 Rationales of the Study	4
1.3 Statement of the problem	5
1.4 Research Question	6
1.5 Objective of the study.....	7
1.5.1 The general objective	7
1.5.2 Specific Objectives are	7
1.6. Significance of the Study	7
1.7. Scope and Limitation of the Study	8
1.7. 1 Scope of the Study	8
1.7.2 Limitation of the Study	8
1.8 Organization of the study.....	9
CHAPTER II: REVIEW OF LITERATURE.....	10
2.1 Over view of the global automotive industry	10
2.2 Challenges in the automotive industry	11
2.3 The State of Automobile Industry in Ethiopia	12

2.3.1 The market	12
2.3.2 Production and Assembly	13
2.3.3 Policy environment	14
2.4 Marketing Strategy	15
2.4.1 Customer Driven Marketing Strategy	15
2.4.2 Market Segmentation	15
2.4.3 Market Targeting	16
2.4.4 Market Differentiation and Positioning	16
2.4.5 Managing the Marketing Effort	16
2.5 The marketing mix in marketing strategy: Product, price, place and promotion.....	17
2.5.1. Product.....	17
2.5.2 price.....	17
2.5.3. Promotion	18
2.5.4 Place.....	18
2.6 Automotive company Critical Success Factors	18
2.7 situational analysis	20
2.7.1 SWOT Analysis.....	20
2.7.2 Drivers for change: Porter's five forces model on Automobile Industry	20
2.7.2.1 Porter's Five Forces	20
2.7.3 Policies Conducive to the Development of a Healthy and Sustainable Automotive Industry and Market	24
CHAPTER III Research Design and Methodology	26
3.1 Research Design	26
3.2 Data Sources	26

3.3 Data Collection Method.....	28
3.4 Population, Sample size and Sampling technique	28
3.4.1 Population	28
3.4.2 Sample size	28
3.4.3 Sampling technique	29
3.4.4 Data Analysis.....	29
CHAPTER IV: DATA ANALYSIS AND PRESENTATION.....	31
4.1 Demographic Information of the respondent, customers and MIE staffs	31
4.2 The Market Challenge of Locally Assembled Automobiles	35
4.2.1 Marketing Mix Assessment	35
4.2.1.1 Product related results and dissections	35
4.2.1.2 Price related results and dissections	42
4.2.1.3 Promotion related results and dissections	47
4.2.1.4 Distribution related results and dissections	51
4.2.1.5 Marketing Strategy related results and dissections form MIE employee’s perspective.....	54
4.2.2 External Factor	56
4.2.2.1 Competition related results and dissections form MIE company employee’s perspective	56
4.2.2.2 Government industrial policy	59
4.2.2.3 The existing government policy form MIE company employee’s perspective	60
4.2.2.4 The used vehicles policy and vehicle financing	63
4.2.2.5 The used vehicles policy and vehicle financing form MIE company employee’s perspective	63
4.3 Situational Analyses.....	65

4.3.1 SWOT analyses.....	65
4.4 Qualitative Data analysis	67
4.4.1 Interview with the Deputy Manager o0f the company MIE	67
4.4.2 Interview with Mangers of costumes authority	70
4.4.3 Interview with selected mangers of Lifan motors, Hyundi motes ,Metal Engineering corporation and Ethiopian metal and industry development.....	70
4.4.4 Interview with selected mangers of financial institution.....	71
4.5 Observation by the researcher	70
CHAPTER V: CONCLUSION AND RECOMMENDATION.....	73
5.1 Conclusions.....	73
5.2 Recommendations.....	76
BIBLIOGRAPHY.....	79
APPENDICES.....	82
Appendix A: Questionnaires to customer	82
Appendix B: Questionnaires to MIE staffs	85
Appendix C: Interview Schedule: DGM business units of MIE.....	91
Appendix D: Interview Schedule to customs Manager	92
Appendix E: Interview Schedule to Bank Manager	93
Appendix F: Interview Schedule to Local car assemblers	94

List of Tables	Pages
Table 4.1: customer Response rate.....	31
Table 4.2: Staff Response rate	32
Table 4.3. Gender of respondent.....	32
Table 4.4 Staff Respondents Service year.....	34
Table 4.5. Response of customers to the overall quality of car assembled by MIE	34
Table 4.6. Response of customers to the quality of car compared to others same price	37
Table 4.7 Response of customers with respect problem of spare parts to vehicles	37
Table 4.8. Response of customers to the after sale service provided by MIE	38
Table 4.9 Response of customers to Demand of Vehicle is depend on Re-sale Value	39
Table 4.10 Response of customers to Re-sale Value of locally assembled car by MIE	39
Table 4.11 Response of MIE staff to the basic features considered by customer	40
Table 4.12 Response of MIE staffs to the challenge faces regarding product	41
Table 4.13. Response of customers to the Price of Vehicle assembled by MIE	43
Table 4. 14. Response of customers' satisfaction to the price of car.....	43
Table 4.15. Response of MIE staffs to the price method of company product.....	44
Table 4.16. Response of MIE staffs to the price of company product viruses competitor price...45	45
Table 4.17. Response of MIE staffs to the opinion regarding the price verses quality of your company product	46
Table 4.18 Response of customers to the advertising and sales promotion by MIE.....	47

Table 4.19 Response of customers to the sources of information.....	48
Table 4.20 Response of MIE staffs to the types of promotion tools the company use.....	49
Table 4.21 Response of MIE staffs to the advertise medium (media) which the company use.....	49
Table 4.22 Response of MIE staffs to the strength of the company promotional activity.....	50
Table 4.23 Response of MIE staffs to the promotionally support of company product	51
Table 4.24 Response of customer's to the Place/availability related attributes	52
Table 4.25 Response of MIE staffs concerning distribution of product.....	53
Table 4.26 Response of MIE staffs to the market distribution coverage	53
Table 4.27. Response of MIE staffs to the overall marketing strategy of the company.....	54
Table 4.28 Response of MIE staffs to the marketing mix strategy which the company uses....	55
Table 4.29 Response of MIE staffs to focus of the company product markets.....	56
Table 4.30. Response of MIE staffs to the losing the market due to imported used car.....	57
Table 4.31 Response of MIE staffs to the demand of the company product	58
Table 4.32 Response of MIE staffs to the challenging aspects competing in the market.....	58
Table 4.33 Response of MIE staffs to the government policy designed to promote The automotive industry	60
Table. 4.34 Tax rate for vehicle imports	61
Table 4.35 Response of MIE staffs to the existing government tax structure on automobiles ..	62
Table 4.36 Response of MIE staffs to the Stable national economic performance of Macroeconomic Policies	62

Table 4.37 Response of MIE staffs to the needs to have a policy to limit the free flow of used vehicles	63
Table 4.38 Response of MIE staffs to the ways of limiting the free flow of used vehicles	64
Table 4.39 Response of MIE staffs to the sufficient vehicle financing solution for locally assembled cars	65

List of Figures	page
Figure 4.1. Customer Age group	33
Figure 4. 2. Customer and Staff Educational back ground	34
Figure: 4.3 Response of MIE staffs to the major competitors of the company	57

ACRONYMS AND ABBREVIATIONS

MIE: Mesfin industrial Engineering PLC

DGM- Deputy General Manager

EFFORT- Endowment Fund for the Rehabilitation of Tigray

GDP – Gross Domestic Product

ISO –International Organization for Standardization

TV- Television

4ps- Marketing mix elements, which is a combination of; Product, Price, Place, and Promotion

ABSTRACT

This thesis studies the market challenge of domestically assemble automobiles for case company; Mesfin Industrial Engineering PLC. The main objective of this study is to assess the marketing mix of the company and its external factors that have an effect on the market of locally assembled automobiles by the case company. The marketing mix like product; price, promotion and distribution and the external factors government policy, competition, vehicle financing, impact of second-hand motor vehicles in the local market have been discussed.

This study was conducted using the case study method in the form of descriptive research. To carry out this study both primary and secondary data have been used. For the theoretical foundation and analysis, the existing literatures were investigated. To collect the primary data from the customers of the company and company employees, questionnaire has been employed. In addition to this, an interview was conducted face-to-face and questions were asked according to the interview schedule with different stakeholders .The author relied on various marketing concepts to validate and justify assertions and suggestions discussed. SWOT analysis is utilized to present the strengths, weaknesses, opportunities and threats of the case company.

Results indicate that poor marketing mix strategy, integrated promotional tools was not well used, poor delivery, poor after sales service and weak government regulation.

Based on the findings of this study, the researcher has put valuable recommendations on what the company should do to improve its existing conditions and to play a great role in the automotive industry

*Key words: **Product quality, Price,** marketing strategies, market challenge,*

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

The automobile industry is a pillar of the global economy, a main driver of macroeconomic growth and stability and technological advancement in both the developed and developing countries.

The core automotive industry(vehicle and parts makers) support a wide range of business segment both up streams and down streams along with the adjacent industries. The industry also contributes to the job creation and skill development, its numerous forward and backward linkages brings both direct and indirect employment.

Source: AT kearnaay, the contribution of automotive industry for the technology and value creation

The automotive sector did not show satisfactory growth in Ethiopia. The sector is at low level of development in comparison to other countries including in Africa. Ethiopia imports all of its automotive needs. It does not manufacture automotive. Only some companies assemble sedan cars, buses and trucks.

Given the current limited disposable income, Ethiopia's automotive market is dominated by second-hand imported vehicles –particularly commercial vehicles.

Source: Deloitte Africa 2016

Second-hand vehicles dominate the market. Approximately 85% of vehicles are second-hand imports, of which almost 90% are Toyotas. These vehicles are imported primarily from the Gulf States, through the Port of Djibouti. The vast majority of Ethiopia's vehicles are concentrated in Addis Ababa, while the number of vehicles in rural areas remains low.

The Ethiopian Investment Commission (EIC) reports that 31 foreign vehicle investment projects (largely Chinese projects but also some involvement of European companies) and 73 domestic vehicle assembly investment projects have been licensed since 1998.

Source: Deloitte Africa 2016

This means that a total of 104 companies have been licensed for vehicle assembly in the country over the past two decades. However, only a few of these are operational, with the vast majority licensed at the pre-implementation stage

Even though domestic vehicle production and assembly may have substantial multiplier effects for Ethiopian economies, and could act as a catalyst for industrialization and economic diversification. This is at a lesser stage of development. As a result the sector has been an attractive option for policymakers seeking to boost manufacturing employment, diversify export revenue sources and ultimately industrialize their economies.

The case company Mesfin Industrial Engineering (MIE) was founded in 1992. It is located 780 kms north of the capital city Addis Ababa, in Mekelle in Tigray region. MIE started its operation with manufacturing metal windows, doors and maintenance of vehicles and the like. Currently, its products include liquid and dry cargo bodies, trailers, semi-trailers, low beds, fuel storage tanks, sugar and cement factory equipment, hydroelectric power facilities, assembly of heavy duty MAN Trucks, Geely and Peugeot automobiles and tractors. MIE also accomplishes erection and installation of electromechanical works viz. construction of pre-engineered buildings, putting up machinery and equipment for various industrial projects, fuel storage facilities, and civic buildings. It was established with USD 358 thousand initial capitals, today, the company's current capital stands at more than USD 25 million

MIE has re-organized itself into four business units based on market assessments. And these are:

- Automotive and Agricultural Machinery Unit
- Heavy Duty Vehicles and Locomotives Unit
- Industrial Plant Equipment Manufacturing Unit
- Industrial Plant Construction and Installation Unit

Since the case study focuses on market challenge of passenger car the researcher briefly states below background of the two business units which assemble automotive vehicles.

Automotive and Agricultural Machinery Unit

As MIE has entered agreement with Geely International Corporation of China, it assembles automobiles (Sedan Cars) namely “GC-7 “and “Saba Geely “ with 1500 CC by importing SKD parts. In addition MIE has entered in to an agreement with Peugeot PSA Group of France to assemble and distribute three models of Peugeot automobiles namely Model 301, Model 208 and Model 2008 .These automobiles have features which conform *to* the latest requirements of international regulatory bodies for safety, environment and energy efficiency.

MIE also assembles SONALIKA Brand tractors by importing components from International Tractors Limited of India. They are available in the market with 90HP and 75HP and four wheel drive. These tractors have been to Ethiopian market for the last 8 years and have been proved to be fuel efficient, durable, reliable, and suitable to the country’s terrain.

MIE has finalized all the necessary preparations to establish modern Complete Knocked Down (CKD)assembly plant in the newly received 50 hectares of land at Wukro town.

Heavy Duty Vehicles and Locomotives Unit

MIE is an ISO 9001-2008 QMS certified company to design, manufacture, supply *and service* dry and fuel cargo trailers—low bed and high bed. The company has been operating this business for the last 16 years. It is aiming to design and manufacture heavy duty vehicle and locomotives such as cargo truck, dump truck bodies, and 60 ± 1 and 44 ± 1 commercial buses and assembles chassis components and truck tractors. MIE currently in collaboration with MAN AG of Germany assembles MAN TGS Heavy Duty trucks. It designs manufactures and supplies Bulk Cement Trucks.

The company attaches great importance to corporate social responsibility. It plays active role in various social endeavors,

The number of employees during establishment was about 30. However, today, the company is staffed with more than 2,488 employees

Source: Mesfin industrial Engineering plc company profile

1.2 Rationales of the Study

Ethiopia was Africa's fastest growing economy in 2015 and has the continent's second largest population. Ethiopia's automotive potential is underpinned by the state-driven economy and a government that is geared toward industrialization.

Even though actual production numbers are not available, a number of assemblers indicated that plants were not operating at full capacity.

During the past decade, a number of leading international automotive companies have carried out market scoping exercises to assess the viability of Ethiopia as an assembly hub. However, large-scale investments by these automotive firms have not yet materialized.

Despite being home to the continent's second largest population, the overall automotive market size remains small in the short to medium term for current and prospective assemblers and producers.

Sales, however, are still skewed in favor of imported second hand cars. The roads are not crowded by cars made in Ethiopia, but imported cars, dominantly, Toyota.

All in all the facts show that these metals and engineering companies are having troubles finding markets for their products.

Demand for locally assembled cars has declined compared with the business two-three years ago.

Source: Fortune news paper 2015 Oct 12 *Vol* 16, No 806 page 2

In spite of the reduction in domestically assembled cars, imports stood at the highest level, which accounts for 95% of the total market. These imported cars particularly serve the more affluent segments of society, where price elasticity is relatively low. These segments generally prefer to buy imported commodities, assuming that they will be of a higher quality.

Locally assembled cars struggle to compete for market share dominated by second-hand imports. After about 18 years of issuing licenses for assemblers, there are only few that are on the market, and they are struggling to make sales

Source: Ethiopian business review, *2nd Year. No.14, page 3*

The case company mesfin industrial Engineering plc (MIE) has entered agreement in 2012 with Geely International Corporation of China, to assemble automobiles (Sedan Cars) namely “GC-7” and “Saba Geely” with 1500 CC by importing SKD parts and to sale more than 300 cars. In addition MIE has entered in to an agreement with Peugeot PSA Group of France to assemble and distribute three models of Peugeot automobiles namely Model 301, Model 208 and Model 2008 and MIE currently in collaboration with MAN AG of Germany assembles MAN TGS Heavy Duty trucks and plan to sale more than 200 per year with the aim of transfer of technology

However Mesfin industrial Engineering plc have difficulties to popularize and penetrate the market and despite significant production volumes, transfer of technology and localization of vehicle components remains low.

Source: *Mesfin industrial Engineering plc annual report 2015*

1.3 Statement of the Problem

Mesfin industrial engineering is one of the leading industries in east Africa. The company is capable of assembling different type’s passenger cars but what is distressing is that the company has been operating under its capacity due to the low level of sales and its aspiration to invest in technology transfer is not happening. The main problems the company is faces in the marketing of locally assembled automobiles are as follow.

- Government’s policy of double taxation as the major cause for the market stagnations it faces
- The attitude of the society towards locally manufactured products is not good
- Lack of credit services to buyers (Lack of adequate bank finance)
- Timely provisions of maintenance and access to spare parts - seems to have been missed

- The performance and durability of the vehicles are not what is promised in the company promotions
- Lack of foreign currency for importation
- Limited disposable income(purchasing power)
- Poor sales policy of the company
- Weak promotional strategy
- No availability of reasonably priced spare parts.

The company has excess installed capacity that the market is currently too small to enable Producers to achieve the economies of scale that could lead to reduced costs. Ethiopia's strong government support for industrialization and the development of auxiliary industries coupled with a large cost competitive labor pool, and sizeable investments in infrastructure (both physical and economic) could position the country favorably for automotive manufacturing in the long term to service both the regional and domestic market with price competitive vehicles.

1.4 Research Question

At addressing and improving the market of the industry to clearly scrutinize the hidden factor, which hinder the capacity as well as the transfer of technology and localization of vehicle components and in order to deal with objective of the study the following basic questions will be addressed

1. What is the status of the current market competition?
2. What are the major causes for low level of sales?
3. What measures should be taken to improve the sales of the company?
4. How effective is the company marketing strategy?
5. What are the Factors affecting the domestically assembled automotive market in Ethiopia

1.5 Objective of the study

1.5.1 The general objective

This study deals with how Mesfin industrial Engineering should improve the sales performance of automobiles and measures to be taken to solve the internal problem and external obstacle of the market so as to increase its revenue to have better capacity utilization of the plant which enables the company to increase the value addition (localization) as well as technology transformation.

1.5.2 Specific Objectives are

1. To evaluate the current competition of automobile assembled by the company compared to imported and other locally assembled vehicle.
2. Examine the problems of the existing sales policy as well as marketing activities of the company in relation with automotive
3. To explore the major causes of less sales volume of vehicles
4. To assess the main factories that affects the domestically assembled vehicles market of the case company
5. To recommend/suggest and measures to be taken for effective or better sales system or effort to be done by the management to solve internal and external problems of the industry so as to boost sales

1.6 Significance of the Study

This study may help the management of the case company, local auto assembly industries, private intuitions and government bodes (ministry of transport, ministry of industry, financial institutions, and consulting firms in the auto sector).

The research outcome may have necessary information for upstream like plastic, rubber, glass, and steel producers and downstream like finance, insurance, advertising company, after market industries.

The research could help for other researchers who are going to undertake further study in the area.

For the case company the results of this study will provide to improve marketing activates, and may improve volume of production as well as the profitability of the company.

The research may help the case company to solve its external and internal problems that affects the auto market.

The research may give valuable information for new investors in auto assembly.

1.7 Scope and Limitation of the Study

1.7. 1 Scope of the Study

The study covers the market challenges of automobiles that the case company (mesfin industrial engineering plc) currently assembling automobiles (Sedan Cars) Geely with capacity of up to 5 passengers set only.

The study has given emphasis to the marketing mix and external environmental factors affecting market of the company.

Furthermore, the study has covered areas of Addis Ababa city where customers of the company are concentrated on.

1.7.2 Limitation of the Study

This research was based on the result of few questionnaires and literature review, secondary data and interviews on the area of the case study. As a result, the outcome of this research shall not be considered as a comprehensive study on the challenges of market for domestic vehicle assembly industry as well as automotive industry in Ethiopia.

In addition to this as study demands wide and complex issue, it require detail analysis and evaluation and also the experience of other and this can take a lot of time to generate noticeable outcome. The relatively short time frame of this study did not allow making detailed study. Another limitation of the study was the existing poor quality of data.

Some questionnaires were not collected respondents could not fill in and return it on time and also some respondents were not willing to make an interview. The researcher could not get complete secondary data on planned, actual sales trend and market problem

1.8 organization of the study

The study is organized into five chapters, the first chapter deals with introduction part of the study such as, background of the study, problem statement, objective of the study, significant of the study, scope of the study, and organization of the study. Chapter two deal with the review of the related literature. Chapter three explains with the methodology of the study, chapter four is about data analysis and presentation. Finally, chapter five contains conclusion and recommendation of the result.

CHAPTER TWO

LITERATURE REVIEW

2.1 Over view of the global automotive industry

The automotive industry is one of the most global industries, with its products spread around the world and dominated by small companies enjoying worldwide recognition (Barnes & Morris 2008:32; Humphrey & Memedovic 2003:2). The industry comprises the largest manufacturing sector in the world, with an output equivalent to that of the world's sixth largest economy (Nag, Banerjee & Chatterjee 2007:1 ;) The industry is capital intensive and technologically advanced, both in terms of manufacturing processes and its products (Wei & Chen 2008:973).

Within the industry, the level of competition is increasing and the production base of most auto-giant companies is being shifted from the developed countries to developing countries in order to take advantage of low-cost production (Nag *et al.* 2007:4). Automotive products have spread around the world and are dominated by a small number of companies with worldwide recognition. Due to the increasing number of vehicle models being introduced into segmented markets, executive managers are seeking both growth and cost reductions to make their companies more competitive and profitable. Vehicles are becoming more complex in order to satisfy consumer demands for improvements in safety, fuel economy, performance and quality. Automobile manufacturers are constantly under pressure to identify consumer preferences, national biases and new market segments where they can sell vehicles and gain market share. Their ability to be flexible enough to quickly respond to all of these pressures is determining their future in the industry. The implications of these factors are vast and propagate along the supply chain of the automakers (Veloso & Kumar 2003:2).

The industry has also become more geographically mobile, as OEMs expand outside of their traditional bases in order to supply international markets and seek cost advantages in lower cost locations. Despite the significant capital expenditures required to establish new production facilities, automakers are willing to invest heavily in markets they consider to be of strategic importance to their future performance. Countries such as Brazil, Mexico or the Czech Republic

are clear examples of this increased mobility and have all attracted large amounts of automotive investment. Most recently, China has been the primary beneficiary of the drive to exploit new markets and cost differentials, and the country has captured massive investment from all major OEMs. At the same time, OEMs are also quicker than ever to reverse previous investment decisions and to close those operations that are no longer considered to be cost-competitive or of strategic importance.

2.2 Challenges in the automotive industry

As a company in the automotive sector, you face a number of business challenges. There is continuous market pressure on costs, fluctuations in demand and the need to meet a variety of safety, quality and sustainability standards. Your supply chain and internal production facilities need to perform at the very highest level, whilst cash flow has to remain positive. Each of these areas involves dealing with a separate set of issues.

Muller (2009) contends that the automotive industry faces new and pressing challenges. According to the Kotler Marketing Group (2009), OEMs are required to enhance quality, improve styling, increase organizational efficiencies and drive innovative features into their products in an effort to attract customers and expand into new markets.

The industry is at the cutting edge and adopting new technologies. Pires and Neto (2008:328) assert that in recent years, the automotive industry has experienced strong competition on a global scale in highly competitive markets. From a worldwide perspective, it has been challenged to face issues such as: strong pressures for price and delivery time reductions; quality and overall customer service improvements and environmentally friendly products; a substantial reduction in product life cycles and the rapid introduction of new products, with strong pressure to reduce the time-to-market and product development costs; the pressure to supply new markets; and the strengthening of relationships and intensification of communication channels in supply chains in general

2.3 The State of Automobile Industry in Ethiopia

It's recorded that between 2005 and 2015 Ethiopia has experienced an average growth rate of 10.9% and this is impressive for a growing economy.

Ethiopia is also known to be the second most populous country in Africa after Nigeria as it has a population of 90 million and its projected that by 2020 it will hit 100 million. Despite the population size, the market for automotive remain small, but the government supports industrialization. This is one of the most recommended countries for investment despite the political turmoil that recently occurred. The GDP of the country in 2015 was at \$ 63 billion making it be the third largest economy in Eastern African and ninth in Africa.

The growth of Ethiopia's economy has been witnessed in Africa with recent dam construction enabling the nation to supply electricity to its citizens. Ethiopia's vision is to be the leading manufacturing hub in Africa, and with the steps, they are taking, they are likely to achieve their goals. Currently, the state is working on the construction of an electric railway which will link the nation to Djibouti, and they have partnered with Chinese firms to ensure the projects are finally achieved.

2.3.1The market

The statistics indicated that in 2015, only 160, 000 vehicles were in use in Ethiopia to imply a car per 500 inhabitants making the country to have the lowest motorization rate globally. The commercial vehicles are estimated to be 60, 000 while 95, 000 were passenger vehicles. Reports from the ministry of transport in Ethiopia indicate that commercial vehicles are 16% while passenger vehicles take the lion's share of 84%. It's estimated that annually, 18000 vehicles are brought into Ethiopia's market most of which are second-hand vehicles. Passenger vehicle sales are mainly driven by government while construction and agribusiness industries control the sale of new commercial vehicles.

The exportation and importation of used commercial vehicles are dominant in Ethiopia and in 2015 the imports were valued at \$875 million making it the most valued overall import. The country mainly exports vehicles from the Gulf States via the Port of Djibouti since Ethiopia is a landlocked country. The Automotive manufacturing company known as Bishoftu Automotive

Industry (BAI) contributed much to the above revenue. The company specializes in overhauling, assembling, localization and upgrading of buses, trucks, pickups, SUVs and military equipment. The Ethiopian military runs it. Additionally, a small percentage of commercial vehicles have been exported to Somalia.

The government lowers taxation for commercial vehicles instead of personal cars, but the diplomats and foreign investors can import vehicles without incurring the import duties. The engine size mainly dictates the affordability of a vehicle and with the taxation policy of Ethiopia, the cost of an imported vehicle is likely to be three times the retail price of the vehicle outside of the country. Since there's limited supply of vehicles and high import duties, Ethiopia, there's a large market for second-hand vehicles in Ethiopia which is estimated to be 85% of vehicles. Toyotas dominate the market as they occupy 90% of the second-hand vehicles sold in Ethiopia. It's estimated that between 5000 and 7000-second hand Toyotas and 2000 new Toyotas are imported annually making Toyota in a position to control 65% of the total market.

2.3.2 Production and Assembly

From 1998, the Ethiopian Investment Commission reports that 73 domestic vehicle assembly investment project and 31 foreign vehicle investment projects have been licensed, but only a few are operational. The tax system in Ethiopia is dependent on engine size and not age or origin, and as a result, it's cheaper to buy or import a vehicle with smaller engine compared to local assembling.

Some components of vehicles such as tyres are sourced from the country by some assemblers, but the country doesn't have the defined local content requirement. The government's provision of cost-competitive labor pool and investment may place the automotive sector in a better position for development.

There's need for the state to establish vehicle financing solutions and a new system of taxation since the high taxations on vehicles based on engine size reduce the affordability. Currently, Ethiopia produces 8000 vehicles annually for the home market. The government has strategized on long-term goals of expanding the auto industry in Addis Ababa and Mekelle where China Lifan Auto Group assembles the vehicle kits. Ethiopia wants to follow the trend of other

countries in Africa such as South Africa and Morocco which manufacture over 600, 000 and 200, 000 vehicles annually. Countries such as Kenya, Egypt, and Sudan also assemble vehicles.

The car assemblers in Ethiopia are faced with many challenges since there's depreciation in value of cars and finished imports. They also face competition from used imports like Toyota.

2.3.3 Policy environment

The Ethiopian government has been targeting both public and private investment into value-added manufacturing, in an effort to diversify the economy away from agriculture. Ethiopia is making substantial effort to link into global value chains by targeting export-orientated manufacturing and has attracted a number of investors into the garment and textile industry. This is seen to support the government's goal of becoming a middle income country by 2025.

The manufacturing sector has been selected as a high priority sector by government. As a result, Ethiopia's economic policy, the second Growth and Transformation Plan (GTP II), aims to support and grow the manufacturing contribution to GDP from 4% in 2014 to 8% by 2020. This is supported by attracting investment through industrial parks and extending incentives, including tax incentives; to foreign investors. For example, new investors in the manufacturing sector, including automotives, are exempt from paying income tax for a period of five years if more than 50% of their products or services are exported, or if more than 75% of their product is supplied to an exporter as a production input.

Investors who only supply the local market or export less than 50% of their product are tax exempt for two years. Income tax exemptions ranging from one to ten years are applicable to investors in a range of prioritized industries and sectors which include manufacturing but not specifically automotive or component manufacturing. In fact, a dedicated automotive manufacturing policy is not in place. Given that the current tax regime governing vehicle excise and surtax does not distinguish between imported or locally assembled vehicles, levying of these taxes does not provide any incentive for establishing local assembly or manufacturing but rather serves as a revenue generation mechanism for the government. While most vehicle imports attract high tax rates, the Ethiopian Government does not levy any export duty on vehicles.²⁸ Duty-free exports and preferential market access due to its membership of the Common Market

for Eastern and Southern Africa and duty-free access to the US under the African Growth and Opportunity Act (AGOA), provide Ethiopia with access to a much larger market than its domestic market. The experiences of automotive hubs in emerging markets including Mexico, South Africa and Thailand, indicate that preferential or duty-free access to large export markets is beneficial for the development of an export-oriented automotive industry.

2.4 Marketing Strategy

“The marketing logic by which the company hopes to create customer value and achieve profitable customer relationships”(Armstrong and Kotler 2013, 76).

In marketing strategy, companies decide which customers to serve (segmentation and targeting) and how they will serve them (differentiation and positioning).Market strategy identifies the total market and then splits it into smaller segments, then selects the segments that are most promising and focuses on serving and satisfying the selected customers in those segments (Kotler, Armstrong 2013, 76).

As stated by Kotler and Armstrong, marketing strategy guides companies to design an integrated marketing mix made up of the 4P’s (product, price, place and promotion). A firm realizes the best marketing strategy and mix suited to it by participating in marketing analysis, planning, implementation and control.

2.4.1 Customer Driven Marketing Strategy

Companies need to design customer driven strategies which build the right relationships with the right customers as it is impossible to appeal to all consumers in the market (Kotler 2012, 17). By so doing, the companies concentrate on the consumers they can serve best and profitably

2.4.2 Market Segmentation

Consumers in a market may differ in one way or another; needs, buying attitudes, practices, locations and resources. Companies can divide consumers into manageable segments with products and services that match each segment’s unique needs (Kotler, Armstrong 2013, 77). Market segmentation is the process by which the aforementioned is achieved; segmentation divides the consumers into distinct groups requiring different marketing programs and products.

2.4.3 Market Targeting

A target market is the market or market segments which form the focus of the company's marketing efforts (Proctor 2000, 196). Once markets are segmented, companies may decide which one(s) to enter. This concept views the market's attractiveness after which the company chooses one or more to venture into. The selected segment is chosen on the basis of its profitability, the customer value to be generated and long-term sustainability (Kotler, Armstrong 2013, 77).

2.4.4 Market Differentiation and Positioning

Through market differentiation, companies decide to pursue various market segments and plan diverse bids for each market. Differentiation is actually differentiating the market offering to create superior customer value (Kotler, Armstrong 2013, 78). The product on offer has to be different from other similar

Products in the market in order for consumers to purchase it. Positioning, it has been suggested, represents the most important decision and action that management has to take for the company and its marketing (Proctor 2000, 199). A company's product positioning relates to the manner in which a

Product is defined by consumers on its important attributes; how the consumers view the product as compared to competing products (Kotler, Armstrong 2013, 210). Kotler and Armstrong further stress that positioning is arranging for a product to occupy a clear, distinctive and desirable place relative to competing products in the target markets' minds (Kotler and Armstrong 2013, 78).

2.4.5 Managing the Marketing Effort

Managing the company's marketing process should be given due attention in order for the company to achieve anticipated outcomes. There are four marketing management functions Analysis, Planning, Implementation and Control. These functions assist in managing the marketing process.

Company-wide strategic plans are first developed which then translate into marketing and other plans for each division, product and brand (Kotler, Armstrong 2013, 82). Plans are turned into

actions through the company's implementation. Marketing activities are measured under the control function and measures are taken to correct errors if need be

2.5 The marketing mix in marketing strategy: Product, price, place and promotion

The marketing mix is the set of controllable, tactical marketing tools that a company uses to produce a desired response from its target market. It consists of everything that a company can do to influence demand for its product. It is also a tool to help marketing planning and execution

2.5.1. Product

Kotler and Armstrong (2006) define a product as anything that can be offered to a market for attention,

Acquisition, use, or consumption that might satisfy a want or need. They further define a consumer product as the product bought by the final consumer for personal consumption. Consumers buy products frequently, with careful planning, and by comparing brands based on price, quality and style. Borden, (1984) sees a product as about quality, design, features, brand name and sizes. Mohammad et al, (2012) also say that product is the physical appearance of the product, packaging, and labeling Information, which can also influence whether consumers notice a product in-store, examine it, and purchase it.

2.5.2 Price

kotler (2007) defines price as a cost of producing, delivering and promoting the product charged by the Organization. Zeithaml (1988) is of the view that monetary cost is one of the factors that influence consumer "perception of a product's value. Price can be stated as the actual or rated value of a valuable product which is up for exchange; some define it as amount of money paid for product (Kotler et al, 2005). In the studies of Colpan,(2006); Dooleet al., (2006) and Owomoyela et al, (2013) they establish significant relationship between price and business performance. The price you set for your product or service plays a large role in its marketability. Impact Of Marketing Strategy On Business Performance Study Of Selected Small And Medium www.iosrjournals.org 61 | Page Pricing for products or services that are more commonly available in the market is more elastic, meaning that unit sales will go up or down more responsively in response to price changes (Jones, 2007).

2.5.3. Promotion

According to Duncan (2005), promotion is the key to the market exchange process that communicates with present and potential stakeholders, and the general public. Every firm or store must cast itself into the role of communicator and promoter. Hakansson (2005) also reports that promotion appears as an issue of how to create an optimal mix of marketing communication tools in order to get a product's message and brand from the producer to the consumer. Borden, (1984) defines promotion as sales promotion, advertising, personal selling, public relations and direct marketing. Kotler, (2007) discovers that Promotions have become a critical factor in the product marketing mix which consists of the specific blend of advertising, personal selling, sales promotion, public relations and direct marketing tools that the company uses to pursue its advertising and marketing objective.

2.5.4 Place

Kotler and Armstrong (2006), also define place or distribution as a set of interdependent organizations involved in the process of making a product available for use or consumption by consumers. Place strategy calls for effective distribution of products among the marketing channels such as the wholesalers or retailers (Berman, 1996).

2.6 Automotive company Critical Success Factors

1. Positive Image

One critical factor that often defines an automotive company is its public image. Because buyers entrust their safety, along with a sizable portion of their income, to a car company, the perception of the company figures greatly in the buying decision. Factors influencing an automotive company's image include advertising, word of mouth and expert reviews and opinions.

2. Distribution Network

A more practical critical success factor for any automotive company is a strong network for distribution. Because cars and trucks are not sold directly to customers, auto manufacturers rely on franchised dealerships to provide local showrooms. These dealers must be knowledgeable and reputable to sell cars, which is essential for the automaker. Like auto corporations, dealers are

reliant on a positive image that may be influenced by, or influence in turn, the image of the automaker.

3. Cash Flow

A healthy cash flow is another practical critical success factor. When an automaker provides incentives or lowers prices, it almost always sells more cars, but the profit margin may not be a healthy one. At the same time, an automaker needs to keep costs under control, including line items that are prone to fluctuation such as the price of raw materials and outsourced components. Achieving a sustainable cash flow is central to the frequent discussions between automakers and employee unions.

4. Compliance

Automakers must also ensure that the vehicles they sell are in compliance with various federal and local regulations. These include emissions standards, fuel efficiency and safety standards. While it may cost less to produce vehicles that perform marginally in these areas, the cost of a safety recall or government-mandated repairs are often much higher and difficult to anticipate.

5. Flexibility

An elusive critical success factor for the automotive industry is the ability to be flexible. American car buyers may change their buying habits quickly in response to factors like the state of the economy, the price of fuel and new automotive technologies. It is essential that automakers remain attentive to these trends and keep in place a system that can adapt quickly to create new products that meet the current and near-future needs of customers.

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2.7 SITUATIONAL ANALYSIS

2.7.1 SWOT Analysis

This analysis is the overall evaluation of a company's Strengths(S), Weaknesses (W), Opportunities (O) and Threats (T). The analysis examines both present and future circumstances, as it analyses a firm's future threats and opportunities. The objective is to focus and develop on the strengths as much as possible while lessening the weaknesses. In retrospect, future threats could be potential weaknesses while future opportunities could be potential strengths; this then aids a firm in planning for different would-be scenarios.

After a company has performed a SWOT analysis it can then proceed to develop goals for the planning period. The objectives may vary from company to company but the main ones are profitability, sales growth, market share improvement, risk containment, innovation and reputation (Keller 2012, 52).

2.7.2 Drivers for change: Porter's five forces model on Automobile Industry

2.7.2.1 Porter's Five Forces

Michael Porter created a model used in industry analysis; the model denotes that industry is influenced by five forces. Companies seeking to develop edge of their competitors utilize this model in order to gain a better understanding of the industry in which it operates. According to Kotler, the model probes the operational environment for threats from competitors and identifies them early enough in orders to minimize them in the long run. It analyses the company's profitability and position within the sector against direct and indirect competitors (Keller 2012, 53).

1. **Barriers to Entry** - It's true that the average person can't come along and start manufacturing automobiles. The emergence of foreign competitors with the capital, required technologies and management skills began to undermine the market share of many automobile companies. Globalization the tendency of world investment and businesses to move from national and domestic markets to a worldwide environment is a huge factor affecting the auto market. More than ever, it is becoming easier for foreign automakers to enter the Domestic market

.Automobiles depend heavily on consumer trends and tastes. While car companies do sell a large proportion of vehicles to businesses and car rental companies (fleet sales), consumer sales is the largest source of revenue. For this reason, taking consumer and business confidence into account should be higher priority than considering the regular factors like earnings growth and debt load.

2. **Threat of Substitutes** - Rather than looking at the threat of someone buying a different car, there is also need to also look at the likelihood of people taking the bus, train or airplane to their destination. The higher the cost of operating a vehicle, the more likely people will seek alternative transportation options. The price of gasoline has a large effect on consumers' decisions to buy vehicles. Trucks and sport utility vehicles have higher profit margins, but they also guzzle gas compared to smaller sedans and light trucks. When determining the availability of substitutes you should also consider time, money, personal preference and convenience in the auto travel industry. Then decide if one car maker poses a big threat as a substitute.

3. **Competitive Rivalry** - Highly competitive industries generally earn low returns because the cost of competition is high. The auto industry is considered to be an oligopoly (A market condition in which sellers are so few that the actions of any one of them will materially affect price) which helps to minimize the effects of price-based competition. The automakers understand that price-based competition does not necessarily lead to increases in the size of the marketplace, historically they have tried to avoid price-based competition, but more recently the competition has intensified - rebates, preferred financing and long-term warranties have helped to lure in customers, but they also put pressure on the profit margins for vehicle sales. Every year, car companies update their cars. This is a part of normal operations, but there can be a problem when a company decides to significantly change the design of a car. These changes can cause massive delays and glitches, which result in increased costs and slower revenue growth. While a new design may pay off significantly in the long run, it's always a risky proposition

4. **Bargaining Power of Suppliers** - The automobile supply business is quite fragmented (there are many firms). Many suppliers rely on one or two automakers to buy a majority of their products. If an automaker decided to switch suppliers, it could be devastating to the previous supplier's business. As a result, suppliers are extremely susceptible to the demands and requirements of the automobile manufacturer and hold very little power. For parts suppliers, the

life span of an automobile is very important. The longer a car stays operational, the greater the need for replacement parts. On the other hand, new parts are lasting longer, which is great for consumers, but is not such good news for parts makers. When, for example, most car makers moved from using rolled steel to stainless steel, the change extended the life of parts by several years.

5. Bargaining Power of Buyers and customers -The bargaining power of automakers are unchallenged. Consumers may become dissatisfied with many of the products being offered by certain automakers and began looking for alternatives, namely foreign cars. On the other hand, while consumers are very price sensitive, they don't have much buying power as they never purchase huge volumes of cars.

Buyers and customers are also changing their buying and sourcing criteria, putting pressure on industry participants in the following ways:

- High Expectations; manufacturers and dealers have driven up customer expectations, sometimes to unrealistic levels, through advertising and other 'promises'. This is increasing the levels of quality, complexity and price competitiveness required from suppliers.
- Great Selectivity; customers are demanding exactly the product they want 'now' and will not always accept 'a close match'. This is creating problems in terms of inventory and manufacturing planning.
- Known Motoring Cost; until the last few years, there has been relatively little information available on the cost of vehicle operation, but manufacturers and independent sources now provide such data and prospective buyers look for low cost of operation as well as their other demands. This increases the pressure on component 'whole-life' cost – including not only initial purchase price but also maintenance and servicing costs. Suppliers face increasing pressure to underwrite the cost of their parts for life – guaranteeing reliability and part life.
- Legislation; particularly consumer protection has become increasingly onerous and is creating issues to be resolved for both manufacturers and for dealers. Parts suppliers into the increasingly litigious US market, for example, are facing increasing product liability issues – with the

associated costs of recall, product replacement guarantees, and legal insurance and other associated factors.

- Niche Products; OEMs have started to develop products and services to focus on specific market segments to escape from the claim of providing ‘generic’ or ‘commodity’ products. Part may be achieved by product and part by the associated soft services. This has also increased the number of different parts, decreasing average volumes and life-cycles – decreasing in turn, economies of scale.

6. Business Environment

A range of other factors in the wider business environment are also affecting the auto industry. Although less direct or sector specific in their influence, they are important to understand and take account of in formulating an overall strategy for the sector:

- Technology; continues to advance and either offers technological competitive advantage – or alternative materials or manufacturing methods to reduce cost.
- Political; the global automotive industry is considered far too important by politicians to be left to the professionals. Hence, there are continuing tradeoffs between OEMs and Tier 1 players and national governments over grants to support the building of new factories – or to offer indirect support to retain plants that might otherwise justify closure.
- Economics; a healthy automotive industry, by its sheer size, can mean a healthy economy, or at least an industry; equally, the automotive industry is seen, globally, as a source of revenue to governments.
- Controlled Use Vehicles; increasingly the ethos is emerging that the number of units in operation may need to be controlled to contain further investment in roads and facilities for the motor vehicle. Various schemes are being tested worldwide.
- Environmental; the car is accepted as being a threat to the environment, however emissions can now be reduced significantly – but in turn vehicles have to be maintained in good condition mechanically.

2.7.3 Policies Conducive to the Development of a Healthy and Sustainable Automotive Industry and Market

1. Macroeconomic Policies Affecting the Auto Industry

In most countries, the level of automotive production is closely correlated to domestic or regional automotive sales. Also the level of automotive sales and production is closely related to disposable income levels, interest rates and finance availability, consumer confidence and other factors influenced by macroeconomic policies. Production in particular often has long lead times, so consistent and predictable economic progress is important. Therefore, national macroeconomic and monetary policies which produce stability and consistency in GDP per capita growth are generally very significant factors affecting the level of automotive sales and production.

The following are the macroeconomic factors found to encourage automotive production and sales:

(a) Stable national economic performance.

Producers need confidence to invest, and consumers and businesses need confidence in their future to purchase vehicle(s). They therefore all want to minimize uncertainty. Thus, wild fluctuations in economic activity should be avoided.

(b) Consistent national economic and regulatory policies.

Likewise consistent national policies are critical to investment and consumer behavior. Inconsistent policies may inhibit investment and sales as well as generate potentially large fluctuations in economic performance.

(c) Transparent economic and regulatory policies.

Policies must be not only fair, but must be seen to be fair if external investment is to be encouraged. Thus great emphasis should be given to ways of maximizing transparency. Simplicity of policies and regulations should be encouraged.

(d) Commitment by the government to the auto sector.

Automotive investment requires large amounts of capital, which must be committed for a long period. Investors want to minimize the associated risks, so they want clear evidence that the government is committed to the auto industry. Investors are likely to go elsewhere if they believe that a country does not seriously want auto investment.

(e) Monetary policies which promote low interest rates (affordability)

Both affordability of vehicles and availability and cost of capital are critical in developing a healthy demand for vehicles. Governments that rely excessively on monetary policy rather than fiscal policy can induce a large reduction in vehicle sales and production, if they try to control the economy through interest rate mechanisms.

(f) Stability in exchange rates.

The industry is global and thus subject to the vagaries of exchange rate fluctuations. However sourcing decisions are generally not flexible in the short term. Thus widely varying exchange rates can move an industry from a viable to a non-viable situation in a short period of time. Devaluation increases the cost of imported competition. This threat to viability can quickly eliminate jobs and productive capability built up over a long period of time. (g) Improvement of automobile infrastructure (roads, parking lots and complementary public transportation.

An appropriate balance between automotive infrastructure and public transport investment should be sought. Good infrastructure is required to allow the benefits of motoring to be enjoyed by as many as possible. However if this is done at the cost of running down public transport infrastructure, chronic traffic problems may result.

(h) Low to moderate inflation.

High inflation inevitably leads to high nominal interest rates with a consequent reduction in consumer confidence and purchasing power

CHAPTER THREE

Research Design and Methodology

This chapter has covered the major areas of research methodology and it consists of research design, data source, data collection methods, sample size and sampling method and data analyses method

3.1 Research Design

This research paper attempted to assess the present automobile market situation of the company using the descriptive Research method. It involves recording, description, analysis and presentation of the present marketing obstacles of the case company. Under the descriptive research method the technique have been used is the survey method. Findings regarding the market practices being done by the company have been obtained with use of the survey methods.

A **survey** is a research method in which subjects respond to a series of statements or questions in a questionnaire or an interview. Surveys target some population, which are the people who are the focus of research. With the survey method, researchers are able to question, brief interviews and discussions with individuals about the market challenges of locally assembled automobiles.

3.2 Data Sources

Both primary and secondary data have been used. Primary data obtained directly from the respondents. The primary source contains raw originals, non interpreted and unevaluated information. Primary data are those which are collected for the first time. It is real time data which are collected by the researcher himself. This is the process of Collecting and making use of the data. This Data originated by the researcher specifically to address the research problem. The aim of collecting primary data is to obtain first hand information about the subject under study.

Secondary data have been collected from relevant sources which include organizations records, strategic plan, and performance report, polices, manuals and procedures and working instructions.

The researcher also collected secondary data from all relevant materials both published and unpublished documents such as Previous studies on similar areas and *Deloitte Africa* Customs Authority.

3.3 Data Collection Method

The metrology used for this study is descriptive types of research. The research have been used both primary and secondary sources.

- Method of Collecting Primary Data.

The researcher have been collected the primary data from the respondent (population) using unstructured interview and questionnaires. Both open ended and closed ended questions have been used to collect information from selected respondents of staffs of the company and customer. The open-ended question helped the researcher to obtain information about the feelings and intentions of respondents.

The primary data collecting method have been employed

- Through questionnaires

Collecting primary data through questionnaires have done by sending questioner for sales leader, after sales leader and production or assembly processes leader, and business unit leaders and customer.

- Key Personnel interview

In-depth interviews with a small number of individuals carefully selected because of their personal experiences and/or knowledge related to the topic of interest. Accordingly Personal interview have been done with the top management of the company, officials selected financial institution, Ethiopian Metals Industry Development Institute officials, officials of customs authority and a discussion have been used to ensure that major topics and issues have been addressed

- Observation guide (direct observation)

As the manager of marketing of the case company the research has included his own observation. Looking at how sales activates are done and what issues exist.

- Method of Collecting Secondary Data

The secondary data are readily available from the other sources and as such, there are no specific collection methods. The researcher obtained data from the sources both internal and external to the organization. The internal sources of secondary data are:

- Annual plane Report
- Company information

There are several external sources from where the secondary data have been collected. These are:

- Information from other government departments,
- Business journals
- Libraries
- Internet, where wide knowledge about different areas is easily available.

3.4 Population, Sample size and Sampling technique

3.4.1 Population

Currently the total population under the automotive business unit of the case company is around 150 and out of this only around 100 employees are operational, administrative and managerial staffs. In addition to this a total number of 33 stakeholders in relation with the automotive sector will be consider for this study. The researcher has consider total population of 133 (100 employees of the company and 33 stakeholders) as a unit of analyses for the study from which the sample should be taken.

3.4.2 Sample size

A sample has taken from the total population accordingly, from employees of the company 2 deputy managers of the two business units of assembly plant, 2 sales leaders, 10 sales employees, 5 after sales team leaders, 1 after sales head, 2 planning and monitoring department staff, 4 supply department team leaders, 5 assembly process supervisors, 1 assembly process head, 1 export market head, 1 finance head and 1 finance team leader, 2 research and development staffs. From stakeholders 1 ministry of transport official, 1 customs officials, 5 Financial institution officials in association with provision of loan for automotive, 2 advertising company only

engaged with auto promotion, 1 Ethiopian Metals Industry Development Institute officials, 35 selected potential customer's, 1 marketing head of Hyundai motors assembly in Ethiopia, 1 marketing head of metal engineering corporation auto assembly plant, 1 marketing head of lifan motors assembly plant in Ethiopia.

There are sample sizes of 61 respondents from the total population. But to be more reliable 24 customers were added. Therefore the total sample size is 85

3.4.3 Sampling technique

The researcher have been used purposive sampling method for the reason that study of the market challenge of the domestically assembled vehicles requires people who can provide the information by virtue of knowledge and experience. Selecting sample on the basis of knowledge and experience of the research problem allow selection of appropriate persons for inclusion in the sample.

The researchers have been selected candidates across a broad spectrum relating to the topic of study with the expectation that each participant will provide unique and rich information of value to the study. Only limited numbers of people can served as primary data sources due to the nature of research and aims and objectives. The samples selected were companies, MIE staff and customers the selection was made purposely based on the assumption that these they could provide adequate and meaningful information for this study

3.4.4 Data Analysis

Having collected the necessary information from primary and secondary sources the researcher processed the data to useful information. Depending on the type of data collected both quantitative and qualitative approach has been carried out.

Quantitative have been used to quantify the problem by way of generating numerical data or data that can be transformed into useable statistics. It is used to quantify opinions, and other defined variables. The researcher have been used chooses, closed ended questionnaires and likert - scale which helps to measure the attitude of the respondents toward the locally assembled vehicle. The

primary data collected from survey has been classified, categorized and organized for analyses. In analyzing the primary and secondary data collected, different methods of simple statistical tools like tabulation, pie charts, graphs and percentages have been used.

Qualitative data analysis is the process in which we move from the raw data that have been collected as part of the research study and use it to provide explanations, understanding and interpretation of the market situations which we are studying. These qualitative research methods include interviews; observation of the researcher and questionnaires with open ended-questions and SWOT analysis and content analyses also has been carried out.

CHAPTER FOUR

DATA ANALYSIS AND PRESENTATION

In this chapter of the research primary and secondary collected dates are presented and interpreted. Those dates were collected through the use of both qualitative and quantitative data collecting method.

The primary data collection was gathered mainly though questioner and personal interview. One to one interview with higher managers of customs authority, Mesfin industrial Engineering, lifan motors, Hyundai motors, Metal engineering corporation auto assembly plant, and Ethiopian Metals Industry Development Institute officials. questioner are also distributed filled and returned by customer who own locally assembled car by MIE and also questioner filled and returned by selected staffs MIE.

4.1 Demographic Information of the respondent, customers and MIE staffs

It would be better to introduce the respondents, because having an understanding about the respondents may help to estimate the accuracy of the information provided by them. In addition, it may give an idea about how many respondents able to answer the questions forwarded with the acceptable degree of reliability

Response Rate of Customers

Table 4.1: customer Response rate

Response Rate	Frequency	Percentage
Returned	33	94.28
Not returned	2	5.71
Total	35	100

Source: Owen survey, 2018

A total of 35 questionnaires were distributed to customers of Mesfin industrial Engineering who purchase locally assembled car By MIE out of which 33 questionnaires were filled and returned while 2 questionnaires were not returned. So as indicated in table 1 the response rate is 96%.

Response Rate of MIE staff (employees)

Table 4.2: Staff Response rate

Response Rate	Frequency	Percentage
Returned	24	96
Not returned	1	4
Total	25	100

Source: Owen survey, 2018

As indicated on table 4.2 25 questionnaires were distributed to selected staffs of MIE out of which 24 questionnaires were filled and returned while 1 questionnaire was not responded. In addition to this an interview were conducted with total number of 9 higher mangers of MIE and different organizations as stated above.

Gender of the respondents customers and Employees of MIE

Table 4.3. Gender of respondent

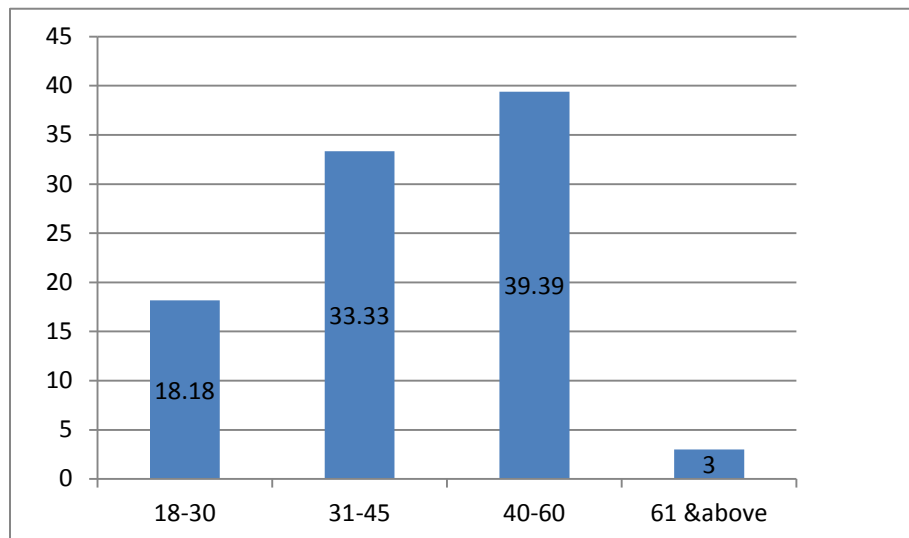
Gender	Frequency	Percentage
Male	37	64.91
Female	20	35.08
Total	57	100

Source: Owen survey, 2018

The above table shows that majority of the respondent were males which is 64.91% whereas the rest 35.08% were female. This shows the study has tried to include both gender as much as possible to make the finding free from gender biases

Age Group of respondent customer

Figure 4.1. Customer Age group

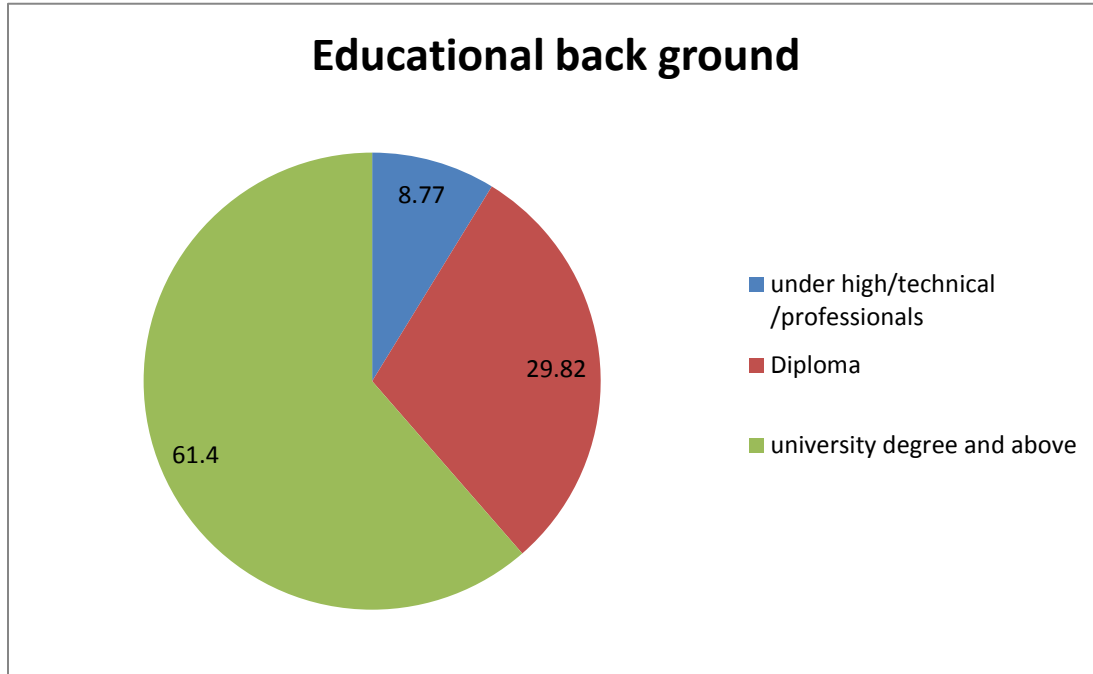


Source: Owen survey, 2018

As shown on the above graph majority of the respondent falls under the age of group of 40-60 with 39.39% and followed by 33.33% of the respondent with the age group of 31-45 others age group are follows with 18.18% and 3% with age group 18-30 and 61 and above respectively. This is an indicator that the study has tried to include all age group.

Educational Back Ground of respondent’s staff and customers

Figure 4. 2. Customer and Staff Educational back ground



Source: Owen survey, 2018

From the finding shown in the above figure the majority of the respondent have an educational back ground of university degree and above with 61.4%, followed by 29.82% of respondent with diploma and under high /technical /professionals were represented by 8.77% . This shows most of the staff members and customers have university degree.

Employees (MIE staff) respondent service year

Table 4.4 Staff Respondent Service year

Service year	Frequency	Percentage
0-5	12	50
5-10	10	41.66
10-20	2	8.33
Above 20	0	0
Total	24	100

Source: Owen survey, 2018

As indicated in the above table the employees service year in the company is 50% of them have a service year of 0 to 5 years ,41.66% of the respondent have 5 to 10 years experience and 8.33% of the respondent have 10 to 20 years of experience. Here we can see that majority of the respondent have many years experience and this shows that the data gathered from them is more valuable.

4.2 The Market Challenge of Locally Assembled Automobiles.

Factor that challenges the market of locally assembled car by Mesfin Industrial Engineering PLC have been assessed with regard to marketing mix price, product quality, place (distribution), and promotion mix elements and also with external factors like economical, government policy and competition have been discussed.

4.2.1 Marketing Mix Assessment

4.2.1.1 Product related results and dissections

Product related results and dissections form customer perspective

Product

In marketing mix, product refers to the item actually being sold. The product must deliver a minimum level of performance. The brand name, functionality, packaging, design, guarantee, are choices that can be made regarded to marketing strategies concerning the product. Questions to understand the product elements can be: what does the consumer want from the product? What requirements does it satisfy? How is it different from one product of your competitors?

Product Quality

According to Kotler and Armstrong (2004: 283) 'product quality is the ability to demonstrate a product in its function, it includes the overall durability, reliability, accuracy, ease of operation and repair products are also other product attributes.

Regarding the products quality of locally assembled car by MIE, the table below depicts that in according 6.06 percent of the respondents the overall quality of their vehicle is very good whereas 36.36 percent respondents responded that the overall quality of their vehicle is good. In

view of 51.51 percent respondents the overall quality is average. Only 6.06 percent respondents thought that the overall quality of their vehicle is bad and no response obtained from very bad quality rating. This implies that the company still has to do more to improve the overall quality of the product. Under normal circumstance an automobile is expected to serve its normal function for a relatively longer period of time otherwise customers will be exposed to additional cost.

How do you evaluate the overall quality locally assembled cars by MIE?

Table 4.5. Response of customers to the overall quality of car assembled by MIE

Factor	Frequency	Percent
Very good	2	6.06
Good	12	36.36
Average	17	51.51
Bad	2	6.06
Very Bad	0	0
Total	33	100

Source: Owen survey, 2018

The customers further requested to point out the quality of automobiles assembled by MIE as compared to other vehicles of the same price range and it was disclosed that, in view of 21.21 percent i.e. 7 respondents, disagree with quality that it has better quality compared with others, 15.15 % are neutral to quality. 45.45 percent of respondent agreed that the cars have better quality in comparison and 18.18% are strongly agreed that the car have better quality and no response obtained from strongly disagree quality rating. We can conclude that significant number of respondents agree that the cars locally assembled by MIE have good quality in comparison with other brands of the same price. This implies that the locally assembled cars by MIE are in better position on the market.

Do you believe that locally assembled vehicles by MIE are of good quality as compared to other vehicles of the same price range?

Table 4.6. Response of customers to the quality of car compared to others same price

Factor	Frequency	Percent
Strongly Disagree	0	0
Disagree	7	21.21
Neutral	5	15.15
Agree	15	45.45
Strongly agree	6	18.18
Total	33	100

Source: Owen survey, 2018

After Sale Service Support

After-sales services” has been used the most, to describe services that are provided to the customer after the products have been delivered (Vitasek, 2005). Beauvillard, et al. (2009) stated that different types of services have different success factors. In spare parts supply for example, pricing, availability, delivery speed, and combined technical and customer database are key to customer satisfaction and profitability.

What are the problems with respect to spare parts to vehicles?

Table 4.7 Response of customers with respect problem of spare parts to vehicles

Factor	Frequency	Percent
Quality	10	30.30
Price	7	21.21
Availability	16	48.48
Total	33	100

Source: Owen survey, 2018

In the Table 4.7 The problems observed with respect to spare parts supply to the vehicles 30.30 percent of respondent indicate the spare parts have quality problem, 21.21 percent respondents opined that the price of their spare parts is excessive and 48.48 percent respondents claim that there is no adequate availability of spare parts. It can be said that the company has not been providing enough after sale service support with respect to quality, price of spare and majority of the respondent complain about availability. This leads to dissatisfaction and dissatisfied consumers can decide to discontinue purchasing car from the company and complain to the company or to a third party or engage in negative word-of-mouth communication.

Do you think that the after sale service (like service time, repair & maintenance, installation etc) provided by the company have a problem.

Table 4.8. Response of customers to the after sale service provided by MIE

Factor	Frequency	Percent
yes	23	69.69
No	10	30.30
Total	33	100

Source: Owen survey, 2018

The above table discloses that, 69.69 percent respondents have faced problems regarding after sales service whereas 30.30 percent i.e. 10 respondents opined that they have not faced any problem regarding after sales service. During survey it was found that most of respondents are not satisfied regarding after sales service provided by MIE. Generally it can be said that the after sales service provided by MIE needs much improvement as the after sales service is commonly acknowledged as a potential source of revenue, profit and competitive advantage in the automotive industry.

Re-sale value of vehicle

Demand for vehicle depends on resale value and increasing your car's resale value is very important. It has to be a top consideration for people who want trade in their cars every several years. Some brands maintain their resale value better than others. Brands and models that are known for their excellent reliability history, dependability, and durability maintain their value better than others.

Do you think that Demand of Vehicle is depend on Resale Value?

Table 4.9 Response of customers to Demand of Vehicle is depend on Re-sale Value

Factor	Frequency	Percent
Yes	20	60.60
No	13	39.39
Total	33	100

Source: Owen survey, 2018

From the above table it was disclosed that, in view of 60.60 percent i.e. 20 respondents, the demand of vehicle depends on resale value whereas 39.39 percent i.e. 13 respondent opined that the demand of vehicle not depends on resale value. This implies that the demand for vehicle depends on resale value.

How do you rate the re-sale value of locally assembled cars by MIE?

Table 4.10 Response of customers to Re-sale Value of locally assembled car by MIE

Factor	Frequency	Percent
High	0	0
Average	6	18.18
low	27	81.81
Total	33	100

Source: Owen survey, 2018

From the above table 4.10 it was disclosed that, in view of 18.18 percent i.e. 6 respondents, the resale value the locally assembled car by MIE is average whereas 81.81 percent i.e. 27 respondent opined that the Resale Value of the vehicle is low and no response obtained from high resale value rating. In case of respondents the above table 11 illustrates that demand for vehicle depends on resale value and the above table 12 also highlighted that the resale value of locally assembled car by MIE is low this indicates that the resale value has a negative impact on the sales volume of the company.

Product related results and dissections form MIE employee’s perspective

Product basic features

According to Cars Online (Capgemini, 2009a) the top four factors that consumers continue to claim they value when making vehicle purchasing decisions are reliability, safety, price, and fuel economy

In most cases, consumers want to buy a vehicle that they can afford without compromising much on other important factors such as reliability, safety and fuel efficiency

What features of the locally assembled automobile of your company are considered basic features by your customers?

Table 4.11 Response of MIE staff to the basic features considered by customer

Factor	Frequency	Percent
Reliability	9	37.50
Safety	8	33.33
Fuel economy	7	29.16
Total	24	100

Source: Owen survey, 2018

The above table illustrates that 37.50 percent respondents indicate that car’s reliability has considered as basic features and have significantly influenced the consumer buying decision towards locally assembled car by MIE. Also in view of 33.33 percent respondents, safety is considered as basic features and 21.21% of respondents indicate that fuel economy is main a factor. From the data collection, car’s reliability and safety were indicated as having a significant

influence on a consumer buying decision towards locally assembled car by MIE. But fuel economy was not strong influence for consumers in their car purchasing decision. This implies that the company can increase their sales by focusing on those important factors.

Product quality challenge

Kotler (2002: 272) states that "The product quality is characteristic of a product or service that relies on its ability to satisfy customers' needs are expressed or implied. The product quality is currently considered the most appropriate way to achieve customer satisfaction and company profitability.

Consumer’s perception to ward locally assembled car

Customer Perception is a marketing concept that tells us what customers think about a brand or a company or its offerings. It can be positive or negative feelings, perceptions, inhibitions, predispositions, expectations or experiences that a customer has.

What Major challenge in the market do you face regarding your product?

Table 4.12 Response of MIE staffs to the challenge faces regarding product

Factor	Frequency	Percent
Product quality challenge	12	50
Customer negative perception to ward locally assembled car	8	33.33
Other	4	16.66
Total	24	100

Source: Owen survey, 2018

It was disclosed from above table that, 50 percent of respondents replied that the challenge faced at market is Product quality challenge. 33.33 percent i.e. 8 respondents opined that Customer negative perception to ward locally assembled car was the challenge faces at the market and 16.16 percent respondent states that the locally assembled car by MIE have lower ground

clearance which is hard to drive with rode condition in Ethiopia. This implies to have a stable position on the market or even to increase market presence and achieve profitability; the only solution is achieving a quality product.

In addition to this it can be inferred that the perception that a product produced abroad is quality product is still in the minds of the majority of the customers. MIE should make "Buy local" campaigns so as to encourage consumers to purchase locally made products in preference to imported goods.

Customer Complaints

What are the complaints arose from customers?

As to the quality theory product qualities must exceed beyond the customers expectation. From market or customers perspective product quality problem are the variation of unevenness, strength, and low quality.

The staff respondent have asked the complaints rose from customer about their product and they responded that complaints mostly rose by customers are problem of the electrical system, sensors and some defecate on the body of car during the assemble process. According the research report some accessories was not meeting the standard; hence the company has to do more effort to reduce the compile in order to be competitive band stay on the market.

4.2.1.2 Price related results and dissections

Price related results and dissections form customer perspective

Price

Price is the value of a product expressed in monetary terms. It is the amount charged for the Product. According to Philip Kotler, "Price is the amount of money charged for a product or service, or the sum of the values that consumers exchange for the benefits of having or using the product or service."

Pricing can also be used a demarcation, to differentiate and enhance the image of a product. If the price exceeds the value offered, the company missed sales opportunities. If the price is below the value offered, it limits its profitability.

What do you think about the price of locally assembled car by MIE?

Table 4.13. Response of customers to the Price of Vehicle assembled by MIE

Factor	Frequency	Percent
lower	8	24.24
Affordable	11	33.33
Excessive	2	6.06
Competitive	12	36.36
Total	33	100

Source: Owen survey, 2018

The above table depicts that in view of 24.24 percent respondents the price of their vehicle is lower whereas 33.33 percent respondents opined that the price of their vehicle is affordable. Only 6.06 percent i.e. 2 respondents thought that the price of their vehicle is excessive whereas in view of 36.36 percent respondents, the price of their vehicle is competitive. From the above data, it can be inferred that the price that the company is charging for its product is affordable and Competitive and this can have a positive impact at the market and can put it at competitive advantage.

Do you satisfy with the price of the locally assembled vehicles by MIE?

Table 4. 14. Response of customers' satisfaction to the price of car.

Factor	Frequency	Percent
yes	20	60.60
No	13	39.39
Total	33	100

Source: Owen survey, 2018

The above table 13 disclosed that, 60.60 percent respondents have satisfied with regarding the price whereas 39.39 percent i.e. 13 respondents opined that they are not satisfied with the price. Customer satisfaction is crucial for business performance, as it is the driver of customer loyalty and consecutive retention and for the profitability of the company.

Price related results and dissections form MIE employee’s perspective

Pricing method

The Pricing Methods are the ways in which the price of goods and services can be calculated by considering all the factors such as the product/service, competition, target audience, product’s life cycle, firm’s vision of expansion, etc. influencing the pricing strategy as a whole.

What is your opinion concerning the price methods of your company for the locally assembled automobiles?

Table 4.15. Response of MIE staffs to the price method of company product

Factor	Frequency	Percent
value pricing	0	0
Target returns pricing	0	0
cost pulse (mark up pricing)	20	83.33
competitor’s base pricing	4	16.66
Total	24	100

Source: Owen survey, 2018

When we see the pricing method of the company, in view of 83.33 percent of respondents replied that the pricing method of the company is cost pulse (mark up pricing) whereas 16.66 percent respondents opined that the pricing method of the company is competitor’s base pricing and no response obtained from value pricing and target returns pricing. Therefore the pricing method of

the company is mainly based on cost pulse (mark up pricing). This shows the company is more certain about costs than about demand. The price tends to be similar and hence, the price competition reduces in the market for the company and Cost-plus pricing is fairer to both buyers and sellers.

How do you rate your company product price viruses other local car assembler’s price?

Table 4.16. Response of MIE staffs to the price of company product viruses competitor price

Factor	Frequency	Percent
Less expensive	5	20.83
Equivalent	17	70.83
expensive	2	8.33
very expensive	0	0
Total	24	100

Source: Owen survey, 2018

As indicated in the table above the majority which accounts 70.83 percent of the respondent said that the price of the MIE cars is equivalent with other local assemblers. 20.83 percent responded that the price of the company cars is less expensive in comparison with similar assemblers. Only 8.33 percent replied that the price expensive than other competitors and no response obtained from very expensive price rating. It can be said that since there is no price competition the company should distinguish its product offering through quality of service, extensive distribution, customer focus, or any sustainable competitive advantage.

Price versus Quality

The balance between price and quality and the psychological decision making behind it has always been a challenge for marketers. This is because one of the factors in the marketing mix which always troubles marketers is pricing. In essence, if you want to balance price and quality, then you need to decide what type of customers you are going to target. At the same time, you need to consider the competition as well.

What is your opinion regarding the price verses quality of your company product?

Table 4.17. Response of MIE staffs to the opinion regarding the price verses quality of your company product

Factor	Frequency	Percent
the price should have been lesser	3	12.5
the price should have been higher	6	25
The price shouldn't be changed	15	62.50
Total	24	100

Source: Owen survey, 2018

When we see the price verses quality of the company product, 12.5 percent of the respondent answered that the existing price should have been lesser, 25 percent replied that the existing price of company should have been higher, and the rest 62.50 percent of the respondent replied that existing price shouldn't be changed. This implies that the company has maintained the balance between price and quality .The balance between price and quality, if not managed properly, can result in a huge loss of brand equity, which is very tough to bounce back from.

Challenges to price of a product

What challenges do you face regarding price of your product?

Price is a very important decision criterion that customers use to compare alternatives. It also contributes other company's position. In general business can price itself to match its competition, price higher or price lower. Each has its pros and cons.

The answer for the question asked about the challenges face regarding the price of the product most of the staff respondents opined that currency fluctuation, inflation, government controls and long supply chain, competitive behavior and market demand are among these factors that

challenges the price of the automobiles and respondents suggest that the company should determine a price which could be accountable for customer perception.

4.2.1.3 Promotion related results and dissections

Promotion related results and dissections from customer’s perspective

Promotion

The promotion or communication is the process which includes a number of elements to give the customer information needed to make a decision to buy, consume or adopt a product or service

An excellent product with competitive price cannot achieve a desired success and acceptance in market; unless and until it’s special features and benefits are conveyed effectively to the potential consumers. Promotion does the task of effective and persuasive communication of the product features and benefits to the potential consumers

What do you think of the advertising and sales promotion for locally assembled cars by MIE?

Table 4.18 Response of customers to the advertising and sales promotion by MIE

Factor	Frequency	Percent
Very strong	0	0
Good	4	12.12
Average	18	54.54
weak	11	33.33
Total	33	100

Source: Owen survey, 2018

Table 4.18 shows that 12.12 percent of the respondent indicates that MIE promotion activities are good whereas majorly of the respondent’s i.e. 54.54 percent believes that MIE has average promotional activity in the market and 33.33 percent of the respondent rated that MIE promotional activates is weak. No response obtained from Very strong rating. The company has

average and weak promotional activity and this implies that it is not sufficient for the company's product to be heard above the noise in the market.

What is your source of information about locally assembled car by MIE?

Table 4.19 Response of customers to the sources of information

Factor	Frequency	Percent
TV advt.	6	18.18
News papers	9	27.27
Radio	13	39.39
Friends /Relative	5	6.06
Total	33	100

Source: Owen survey, 2018

The above table 4.19 illustrates that 18.18 percent i.e. 6 respondents came to know about their vehicle through source of TV advt. Also in view of 27.27 percent respondents, news paper advertisement is the effective source of information for them. 39.39 percent respondent comes to new through radio and 6.06 percent responds comes to new through friends. it means that radio the mostly used source of information and considered as most reliable source according to customer's point of view.

Promotion related results and dissections form MIE employee's perspective

Promotional mix

Product promotion is critical for every business due to the lasting impact promotion has on the clients. The promotion mix is essentially what promoting entails as well as how promoting is effectively done. It comprises personal selling, advertising, public relations, sales promotion, and direct marketing. Using the right blend of the promotional mix ensures that a business will continue gaining customers and achieving success in both the short and long run. They are used as tools to communicate to the target market and produce organizational sales goals and profits

What types of promotion tools do you use?

Table 4.20 Response of MIE staffs to the types of promotion tools the company use

Factor	Frequency	Percent
Advertising	12	50
public relation and Publicity	0	0
sales promotion	4	16.16
personal selling	8	33.33
Total	24	100

Source: Owen survey, 2018

As shown in the table above majority of the respondent 50 percent indicate that advertising the main type of promotional tool that the company uses, 16.16 percent of the respondent answered that sales promotion is the type of promotional tool that the company uses, 33.33 percent of the respondent disclosed that personal selling is the type of promotional tool that the company uses and no response was given to public relation and Publicity rating. It can be inferred that the reason for the choice of this media is that most of its customers are concentrated around major cities and the message can reach them easily. In this case, the role of personal selling as a promotion tool has been ignored or it has been given little attention which is the most preferred one particularly for automobile products. Also Sales promotion as a promotion tool is not widely used by the company.

If you advertise your products which medium (media) do you use?

Table 4.21 Response of MIE staffs to the advertise medium (media) which the company use

Factor	Frequency	Percent
Television	2	8.33
Radio	10	41.66
News papers	8	33.33
Magazines	4	16.66
Total	24	100

Source: Owen survey, 2018

From the above table it was disclosed that, in view of 8.33 percent respondents television is the advertise medium, 41.66 percent of respondents replied that radio is the main advertise medium through which the company reaches its customers. In view of 33.33 percent of respondent the company uses News papers as an advertise medium (media). Only 16.66 percent of the respondent replied that the company uses magazines as an advertise medium (media).it can be said that the company choose through radio advertising for its product and Radio follows people wherever they go and influences them while they're living busy lives. - Speed, Flexibility, and Immediacy.

How do rate the strength of your company promotional activity?

Table 4.22 Response of MIE staffs to the strength of the company promotional activity

Factor	Frequency	Percent
Very good	0	0
poor	11	45.83
average	13	54.16
Total	24	100

Source: Owen survey, 2018

As shown in the table above majority of the respondents 54.16 percent indicate that the company promotional activity is average, 45.83 percent of the respondent replied the promotional activity is poor and no response was given to very good rating. The company has average and poor promotional activity. This implies that the company does not have a well- planned or designed promotional activities that ensure long-term success which helps to grab the attention target audience and finally ensure profitability for the business.

How do you promotionally support your product?

Table 4.23 Response of MIE staffs to the promotionally support of company product

Factor	Frequency	Percent
Price discount(volume discount)	23	95.83
Credit period time	1	4.16
other specify	0	0
Total	24	100

Source: Owen survey, 2018

According to the reply of 95.83 respondents the company promotionally supports its product through price discount, 4.16 percent of respondent replied the company promotionally support its product trough credit period terms and no response was given to other means of promotional support rating.

It can be said that the company use a price discount which is a volume discount as a financial incentive to encourage individuals or businesses to purchase goods in multiple units or in large quantities.

4.2.1.4 Distribution related results and dissections

Distribution related results and dissections from customer perspective

Place /Distribution

The place or distribution is the set of operations whose role is to provide the right product to the consumer at the right time on the right place

An excellent quality product, with the competitive price structure, backed up by efficient promotional activities, will be a waste if it is not moved from the place of production to the place of consumption at an appropriate time. Place or distribution activities add value to the products by creating time, distance and possession utilities. It makes the products easily available to the consumers, whenever and wherever they want to buy

The respondents were asked their level of satisfaction to the Place/availability cars by MIE to use a scale of 1-5 where 1 Very satisfied 2. Satisfied 3. Average 4. Unsatisfied 5. Very unsatisfied.

As shown in the table 4.24 below In connection with delivery place, 60.60 percent of the respondents satisfied whereas 15.15 percent of the respondent replied that they have average satisfaction with the delivery place. 6.06 percent of the respondent that they were unsatisfied with the dealer’s location and the rest 3.03 percent of the respondent replied that the delivery place is very unsatisfactory. No response obtained from very satisfactory rating. It can be said that the overall delivery place conveniences to customer is not satisfactory which is 60 percent .so this shows that there is a gape and this gap should be improved.

Table 4.24 Response of customer’s to the Place/availability related attributes

Place/availability related attributes	1		2		3		4		5		Total	
	Fr	%	Fr	%	Fr	%	Fr	%	Fr	%	Fr	%
Dealer’s location/delivery place conveniences to customer	0	0	20	60.60	5	15.15	2	6.06	1	3.03	33	100
Waiting time post booking /delivery time	0	0	8	24.24	6	18.18	15	45.45	4	12.12	33	100

Source: Owen survey, 2018

Regarding the delivery time as shown at table 4.24 above 24.24 percent of the respondent were replied that the delivery time or Waiting time post booking is satisfactory. 18.18 percent of the respondents indicate that the delivery time is average. 45.45 percent of the respondents replied that were unsatisfied with the delivery time and 12.12 percent replied that they are very unsatisfied with the delivery time and no response obtained from very satisfactory rating. It can be said that the delivery status of the company is poor and it could not consider the importance of timely delivery to customers and it affects sales, cost competitiveness as well as profits and should be seen as part of the product influencing customer satisfaction.

Distribution related results and dissections form MIE employee’s perspective

Distribution channels are the means by which businesses get products to their consumers. Distribution may involve the use of intermediaries, such as retailers. There may be a series of links in a chain of distribution as products are sold between different businesses on route to the final consumer. There are three main types of distribution channel: Direct to the consumer, to the consumer via retailers, to the consumer via wholesalers and retailer

Table 4.25 Response of MIE staffs concerning distribution of product

Factor	Frequency	Percent
Through specific agent	0	0
Directly to customer	24	100
other means (Specify)	0	0
Total	24	100

Source: Owen survey, 2018

Table 4.25 above shows that 100 percent of the respondent replied that the company sales its product directly to customer and no response obtained from the factors through specific agent and other means rating. This implies that the Company sells its products directly to final customers and there are no intermediaries between the company and the final customer and it adopts a direct distribution channel.

How do rate the extent of your market distribution coverage compare to those of your competitors?

Table 4.26 Response of MIE staffs to the market distribution coverage

Factor	Frequency	Percent
high	0	0
Moderate	10	41.66
low	14	58.33
Total	24	100

Source: Owen survey, 2018

The table above shows 41.66 percent of the respondent indicate that the market distribution converge in comparison with their competitors is moderate and 58.33 percent of the respondent indicate that market distribution converge of the company is low comparison with their competitors and no response obtained from high market distribution rating. This implies that the company does not have enough and well organized distribution channels or coverage and this affect the sales as well as the profitability of the company.

4.2.1.5 Marketing Strategy related results and dissections form MIE employee’s perspective

Marketing strategy

By Philip Kotler, “Marketing Strategy is the marketing logic by which the business unit expects to achieve its marketing objectives.

Thus from the above definitions one can assert that a marketing strategy is a process that can allow an organization to concentrate its limited resources on the greatest opportunities to increase sales and achieve a sustainable competitive advantage. Marketing strategy should be centered on the key concept that customer satisfactions the main goal.

How would you evaluate over all your marketing strategy of the company?

Table 4.27. Response of MIE staffs to the overall marketing strategy of the company

Factor	Frequency	Percent
Effective	6	25
less effective	18	75
highly effective	0	0
Total	24	100

Source: Owen survey, 2018

In table above majority of the respondent i.e. 75 percent indicate that the overall marketing strategy of the company was less effective, 25 percent of the respondent shows that the marketing strategy of the company was effective and no response to the highly effective rating. It can be said that the company less effective strategy can have negatively impact the sales as well as reputation of overall business. So company should set proper and effective marketing strategy.

What marketing mix strategy does the company focus on?

Table 4.28 Response of MIE staffs to the marketing mix strategy which the company uses

Factor	Frequency	Percent
Product	0	0
price	16	66.66
promotion	8	33.33
Distribution	0	0
Total	24	100

Source: Owen survey, 2018

The above table depicts that in view of 66.66 percent respondents price was the marketing mix strategy which the company use whereas 33.33 percent respondents replied that promotion was the marketing mix strategy which the company use and response given to the product and distribution marketing mix strategy. This implies the company focuses more or less on the price and promotion strategy but to be competitive on the market it should implement all the marketing strategy effectively.

Market segmentation

Market segmentation is the division of a large market (mass market) into smaller homogeneous markets (segments or targets) on the basis of common needs and/or similar lifestyles. Segmentation strategies are based on the premise that it is preferable to tailor marketing strategies to distinct user groups, where the degree of competition may be less and the opportunities greater

What market do you focus on?

Table 4.29 Response of MIE staffs to focus of the company product markets

Factor	Frequency	Percent
Government organization	8	33.33
Individual Customers	12	50
private compiness	4	16.66
Total	24	100

Source: Owen survey, 2018

In the table above 33.33 percent respondent answered that focus of the company product market is governmental organization, 50 percent of the respondents replied that individual customers are the main focus for their market and 16.16 percent of the respondent indicate that their focus is are private companies. The company uses behavioral or purchase frequency segmentation and it can be inferred that the company is limited to that individual consumers market and to maximize profits, the firm should operate in many different segments.

4.2.2 External Factor

4.2.2.1 Competition related results and dissections form MIE employee's perspective

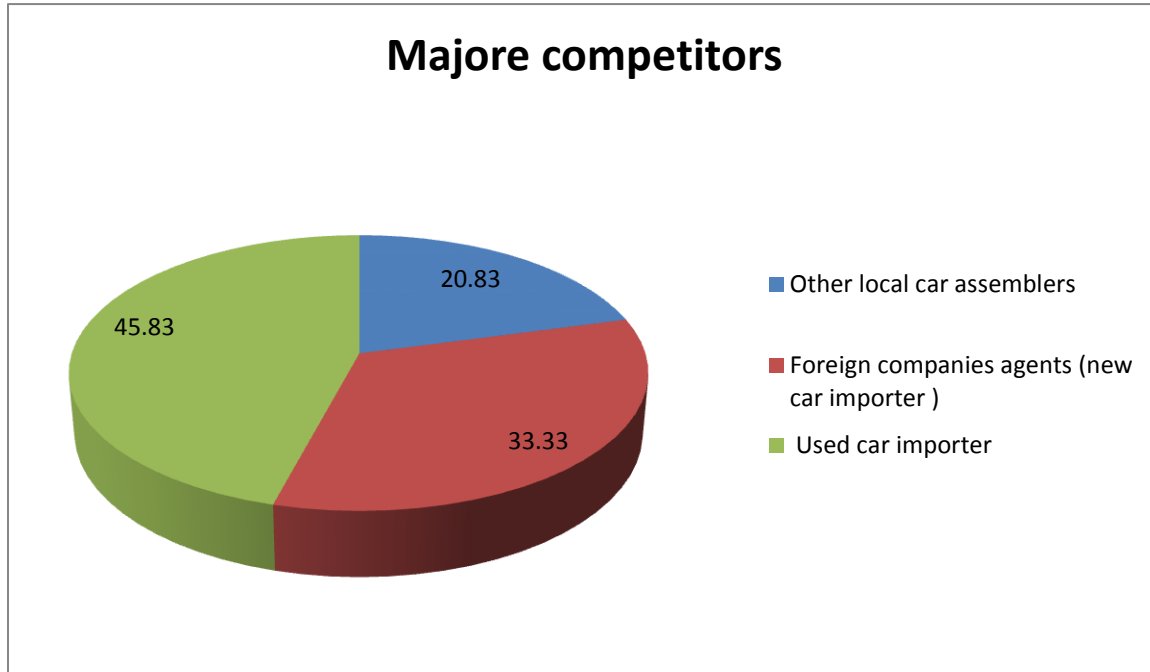
Competition

Competition is the rivalry between companies selling similar products and services with the goal of achieving revenue, profit, and market share growth.

Competition includes all the actual and the potential rival offerings and substitutes that a buyer may consider. Competition represents only one force in the environment in which the company operates (Kotler, 2006).

Who are your major competitors?

Figure: 4.3 Response of MIE staffs to the major competitors of the company



Source: Owen survey, 2018

From the figure above majority of the respondent 45.83 percent responded that major competitors are importers of used car, 33.33 percent of the respondent indicate that foreign companies agents are the major competitors and 20.83 percent of the respondent replied that other local assemblers are major competitors. This shows that the imported used car leading the competition in the local market and the overall, competition in the auto industry is very strong.

Do you agree that local sector is losing the market due to imported used cars?

Table 4.30. Response of MIE staffs to the losing the market due to imported used car

Factor	Frequency	Percent
yes	24	100
NO	0	0
Total	24	100

Source: Owen survey, 2018

From the above table 100 percent the respondent indicates that the company is losing its market share due imported second hand cars. It can be said that Imported used cars have successfully captured the local market. Selling new cars are facing increased competition from used vehicles and the company should device a strategy to regain market share they have lost as well as to increase its profitability.

To what extent is the demand for your product?

Table 4.31 Response of MIE staffs to the demand of the company product

Factor	Frequency	Percent
high	0	0
Moderate	6	25
Low	18	75
Total	24	100

Source: Owen survey, 2018

The above table disclosed that, 25 percent respondents replied that the demand for the company product is moderate whereas 75 percent of respondents opined that the demand for the company product is low and no response was give to the high demand rating. This implies that the demand for the company product is low and the company should see ways to Increase Product demand as it is a key for earning revenue and profit.

What are the challenging aspects when it comes to competing in the market?

Table 4.32 Response of MIE staffs to the challenging aspects competing in the market

Factor	Frequency	Percent
Lower price of competitor's product	5	20.83
higher quality of competitor's product	7	29.16
Consumer negative attitudes towards locally assembled cars	6	25
other	6	25
Total	24	100

Source: Owen survey, 2018

From the above table it was revealed that 20.83 percent of the respondent indicates that the challenging aspect competing in the market was Lower price of competitor's product, 29.16 percent of the respondent replied that higher quality of competitor's product was challenging aspects competing in the market, 25 percent of the respondent indicate that Consumer negative attitudes towards locally assembled cars was a challenging aspects competing in the market. 25 percent of the respondent indicates that the high resale value of second hand car was a challenging aspect to compete at market. These indicate the low quality of the company product is challenging aspects to compete at the market so that to be competitive enough at the market the company should improve its product quality.

4.2.2.2 Government industrial policy

New investors in the manufacturing sector, including automotives, are exempt from paying income tax for a period of five years if more than 50% of their products or services are exported, or if more than 75% of their product is supplied to an exporter as a production input. Investors who only supply the local market or export less than 50% of their product are tax exempt for two years. Income tax exemptions ranging from one to ten years are applicable to investors in a range of prioritized industries and sectors which include manufacturing but not specifically automotive or component manufacturing. In fact, a dedicated automotive manufacturing policy is not in place. Given that the current tax regime governing vehicle excise and surtax does not distinguish between imported or locally assembled vehicles, levying of these taxes does not provide any incentive for establishing local assembly or manufacturing but rather serves as revenue generation mechanism for the government. While most vehicle imports attract high tax rates, the Ethiopian Government does not levy any export duty on vehicles. Duty-free exports and preferential market access due to its membership of the Common Market for Eastern and Southern Africa and duty-free access to the US under the African Growth and Opportunity Act (AGOA), provide Ethiopia with access to a much larger market than its domestic market.

4.2.2.3 The existing government policy for local car assemblers from MIE employee's perspective

There is attractive government policy designed to promote the automotive industry. The industry is given due attention by the government.

Table 4.33 Response of MIE staffs to the government policy designed to promote the automotive industry

Factor	Frequency	Percent
Strongly Disagree	0	0
Disagree	8	33.33
Neutral	8	33.33
Agree	10	41.66
Strongly Agree	0	0
Total	24	100

Source: Owen survey, 2018

As it depicted in the table above 33.33 percent of the respondent replied that they are disagree and neutral towards the government policy designed to promote the automotive industry, 41.66 percent responded that they agree with attractive government policy designed to promote the automotive industry and no response to the strongly agree and strongly disagree rating. It can be inferred that even most the respondent agree with attractiveness of the government policy but still there is a limitation with the government policy to encourage local car assemblers as indicated by the respondents of disagreement rating which claim that the support from the government is not satisfactory.

Existing government tax structure on automobiles

Vehicle affordability is further locked up by prohibitively high vehicle taxes of sometimes more than 220% depending on engine size. As taxes in Ethiopia are cumulative, excise tax is calculated on the customs duty, surtax is charged on top of the excise tax, and customs duty and final VAT is calculated once the surtax, excise tax and customs duty have been added. Imported vehicles may cost as much as three times the retail price of the vehicle outside of the country.

Commercial vehicles, such as pick-ups, vans and trucks, have a lower tax rate than vehicles for personal use. Relative disincentives exist vis-à-vis personal vehicles compared to commercial vehicles. Diplomats and foreign investors are allowed to import vehicles duty-free. The supply-depressing character of foreign exchange shortages contributes to imbalances in the market and drives up the market price of vehicles, thus also having a negative impact on the affordability of vehicles in the Ethiopian market.

Table. 4.34 Tax rate for vehicle imports,

Description	Customs duty	Excise tax	Surtax	VAT
Cylinder capacity 1 000 – 1 300cc	35%	30%	10%	15%
Cylinder capacity 1 301 – 1 800	35%	60%	10%	15%
Cylinder capacity 1 801 – 3 000cc	35%	100%	10%	15%
Cylinder capacity >3 000cc	35%	100%	10%	15%
C-cabin and single cab, carrying capacity not exceeding 1 500k	35%	0%	0%	15%
Public transport – seating capacity ≤ 15 passengers	35%	0%	0%	15%
Public transport – seating capacity > 15 passengers	10%	0%	0%	15%
Truck	10%	0%	0%	15%
SKD	5%	Similar to 1–8, depending on cylinder and seat capacity		
Duty-free vehicle	Free of any tax			

Source: Deloitte Africa Automotive Insights 2017

The existing government tax structure on automobiles is high and considered to be one of the challenges for the growth of automotive industry

Table 4.35 Response of MIE staffs to the existing government tax structure on automobiles

Factor	Frequency	Percent
yes	20	83.33
No	4	16.66
Total	24	100

Source: Owen survey, 2018

The above table illustrates that 83.33 percent i.e. 20 respondents replied that the existing government tax structure on automobiles is high and considered to be one of the challenges for the growth of automotive industry. Only in view of 16.66 percent respondent the existing government tax structure on automobiles is not high and not considered to be one of the challenges for the growth of automotive industry. This indicates the government tax structure is a challenge for the local car assemblers and it hinders to be competitive on the market.

There is Stable national economic performance of Macroeconomic Policies which encourage automotive production and sales

Table 4.36 Response of MIE staffs to the Stable national economic performance of Macroeconomic Policies

Factor	Frequency	Percent
Strongly Disagree	0	0
Disagree	9	37.50
Neutral	5	20.83
Agree	10	41.66
Strongly Agree	0	0
Total	24	100

Source: Owen survey, 2018

The above table disclosed that, 37.50 percent respondents are disagree that there is Stable national economic performance of Macroeconomic Policies which encourage automotive production and sales whereas 20.83 percent of respondents opined that they are neutral to the stability of economic performance of Macroeconomic Policies ,41.66 percent of respondent agree that there is Stable national economic performance of Macroeconomic Policies which encourage automotive production and sales and no response was given to the strongly agree and strongly disagree rating. This shows that there is a conducive macroeconomic policy towards the automobile industry.

4.2.2.4 The used vehicles policy and vehicle financing

According to Deloitte Africa Automotive Insights the majority of the vehicles in Ethiopia are second-hand vehicles. Each year, 2 000 new Toyotas and between 5 000 and 7 000 used Toyotas are imported.¹⁸In total, Toyota controls approximately 65% of the total market (new and second-hand) due to its reputation as being reliable and inexpensive to maintain. The main drivers of new commercial vehicle sales are construction, agri-business and retail while passenger vehicle sales are driven by government (including diplomatic corps) purchases. Due to low disposable income, the absence of vehicle finance facilities and the ban of vehicle leasing schemes, personal vehicles remain out of reach for the majority of the population. Limited availability of foreign exchange to purchase imports also restrains access to vehicles

4.2.2.5 The used vehicles policy and vehicle financing for local car assemblers form company employee’s perspective

Do you think that Government needs to have a policy to limit the free flow of used vehicles?

Table 4.37 Response of MIE staffs to the needs to have a policy to limit the free flow of used vehicles

Factor	Frequency	Percent
yes	24	100
No	0	0
Total	24	100

Source: Owen survey, 2018

As shown in the table above 100 percent of the respondent stated that the government need to have a policy to limit the free flow of used vehicles and no response was given to the no rating. It can be said that the government should give protection for the local car assemblers so as to compete in the market.

In which way the government should limit the free flow of used vehicles?

Table 4.38 Response of MIE staffs to the ways of limiting the free flow of used vehicles

Factor	Frequency	Percent
Complete ban: Banning import of used vehicles altogether	0	0
Age policy: Age limit on import	20	83.33
Taxation: to tax older vehicles during registration	2	8.33
Inspection: strict test as a precondition for vehicle registration	2	8.33
Total	24	100

Source: Owen survey, 2018

As indicated on the above table majority of the respondent i.e. 83.33 percent replied that the government should limit the free flow of used vehicles using Age policy: Age limit on import, in view of 8.33 respondents they replied that government should limit the free flow of used vehicles using Taxation: to tax older vehicles during registration and Inspection: strict test as a precondition for vehicle registration and no response was given to the Complete ban: Banning import of used vehicles altogether rating. Unlike the practice in most of countries throughout the world, there are no regulations banning import of old vehicles in Ethiopia. Absence of such a regulation is thought to have negatively affected the automotive industry.

There is sufficient vehicle financing solution for locally assembled cars.

Table 4.39 Response of MIE staffs to the sufficient vehicle financing solution for locally assembled cars

Factor	Frequency	Percent
Strongly Disagree	0	0
Disagree	13	54.16
Neutral	5	20.83
Agree	6	25
Strongly Agree	0	0
Total	24	100

Source: Owen survey, 2018

From the above table it was disclosed that, in view of 54.16 percent i.e. 13 respondents, disagree with statement that there is sufficient vehicle financing solution for locally assembled cars the whereas 25 percent respondent opined that they agree with the statement that there is sufficient vehicle financing solution for locally assembled cars, 20.83 percent of respondents are neutral and no response was give to the Strongly Disagree and Strongly Agree rating. From this it can inferred that the absences of vehicle financing in Ethiopia has market challenge for the automotive industry and The lack of financing options in these country makes the purchase more difficult.

4.3 Situational Analyses

4.3.1 SWOT analyses

This data then aims at identifying internal and external forces that may influence an organization's performance toward the market .this analysis is the overall evaluation of a company's Strengths(S), Weaknesses (W), Opportunities (O) and Threats (T).

According to the staff respondents, Strengths, Weaknesses, opportunities and challenges of the company that affects its ability to be profitable are listed as follows:

Strength

The company has Physical resources basic facilities for car assembly works which enables to assemble cars in large quantity.

The company have good financial strength Having significant borrowing capacity /over draft facility, L/C Facility , Advance for L/C opening 30%, Access for long term loans/.

The department staffs are loyal and willing to assist customers and satisfy their customers and this has an impact on the sales volume of the company.

Weaknesses

Long and extended delivery time discourage customers and lead them to see alternatives.

Poor after sales service weak maintenance capability and No well-established maintenance shop

Not able to negotiate price flexibly

Opportunities

Government institutions are restricted to purchase from local assemblers only as the government is purchase of large number of cars this is a large market to the company product.

The country has shown a remarkable economic growth for the last five years and this in turn leads to an increase in the demand for the company's products (automobiles)

An increase in the number of firms engaged in construction activities, Expansion of industrial zones would have the potential for the company to sell its products.

The presence of peace and stability in the country enable the company to carry out its operations properly.

The increase in the number of financial institutions in the country can enable the company and its customers to have good access to credit.

Treats

An increase in the number of firms who are engaged in similar activities in the industry makes the competition to be stiff and fiercer competition (low cost imports)

Shortage of foreign currency one of the challenges to import CKD automobiles that makes the company to have less sales volume.

Unethical practices and corruption makes the company not to participate in bidding for different types of projects. This is because other firms who have no capacity are involved in undertaking many projects

Depreciation of an Ethiopian Birr against major hard currencies leads to increase to the price car which affects the sales volume of the automobiles.

4.4 Qualitative Data analysis

4.4.1 INTERVIEW WITH DEPTY MANAGERS OF THE COMPANY (MIE)

According the design of the study besides self administered questionnaires interview was made with deputy general managers of the company.

The interview was focused on five major questions

1. How do you evaluate the competition in the automobile industry that you are engaged in?
2. How do you evaluate your company marketing strategy?
3. What are the Factors that Affecting the Automobile Market?
4. Evaluate the government Industrial policy towards the locally assembled vehicles. Does the government encourage the local car assemblers?
5. Does the Ethiopian economic growth affect the locally assembled market? How?

The competition in the automobile industry

Competition includes all the actual and the potential rival offerings and substitutes that a buyer may consider. Competition represents only one force in the environment in which the company operates (Kotler, 2006)

According to the deputy general managers, the competition in the domestic market is mainly with used car importers. Ethiopian car market for long hasn't been led by professionals rather it has been under the full control of second hand car brokers and dealers, since people don't have information on the market and price of cars, these brokers have virtually become makers and breakers in the market. The main challenge to the industry is the import of used cars, he said. This has distorted information buyers have about locally assembled cars. Car brokers set the agenda of resale values, buyers look for easily accessible spare parts and technicians where as they could buy a brand new car with similar prices. The stiff competition assembling companies are facing is not among each other but from second hand cars

On the top of this they added that the company is facing intensive completion by foreign car agents with new imported brand automobiles with different range of products.

Problem with the company marketing strategy

Market strategy identifies the total market and then splits it into smaller segments, then selects the segments that are most promising and focuses on serving and satisfying the selected customers in those segments (Kotler, Armstrong 2013, 76).

The deputy general managers responds that major problem the company is it do not have clear and proper marketing strategy which guides companies to design an integrated marketing mix made up of the 4P's (product, price, place and promotion). This could help to compete and gain competitive advantage. Hence it is advisable to develop long and short run strategic plan.

Factors Affecting the Automobile Market

The two deputy general managers of the company responded to the factor that affects the market and they blame the inefficient customs system in the country which delays the supply of spare parts and the companies tried to fill the gap through importing major spare parts by air.

The attitude of the society towards locally manufactured products and the low level of purchasing power in the country impact the automotive industry.

Fluctuating demand (seasonality of the demand), Lack of capacity in repair and maintenance, Lack of foreign currency for importation and lack of credit services to buyers were also blamed as causes for the problem that affects the automobile market. In addition to this long supply chain affects the automobile market the company.

Government Industrial policy towards the locally assembled vehicles

Industrial policy is defined as the strategic effort by the state to encourage the development and growth of a sector of the economy. It refers to “any type of selective intervention or government policy that attempts to alter the structure of production toward sectors that are expected to offer better prospects for economic growth than would occur in the absence of such intervention” (Pack and Saggi, 2006) .

According to the general managers they blamed the government’s policy of double taxation as the major cause for the market stagnations they face, which is levied on imports of knocked down parts as inputs and again on finished products .They say this makes them less competitive mainly against imported used cars which are taxed once.

Ethiopian Economic growth

Ethiopia’s economy experienced strong, broad-based growth averaging 10.3% a year from 2005/06 to 2015/16, compared to a regional average of 5.4%. According to official statistics, Ethiopia’s gross domestic product (GDP) is estimated to have rebounded to 10.9% in FY2017. The expansion of agriculture, construction and services accounted for most of this, with modest manufacturing growth. Private consumption and public investment explain demand-side growth, the latter assuming an increasingly important role.

GTP II, which will run to 2019/20, aims to continue work on physical infrastructure through public investment projects, and to transform Ethiopia into a manufacturing hub. Growth targets are an annual average GDP growth of 11%; in line with manufacturing strategy, it also hopes the industrial sector will grow by an average of 20%, creating jobs.

According to the deputy general manager of Mesfin Industrial Engineering PLC, he responded that the current economic policy of the country has its own impact on the market of automobiles.

Industrialization and the development of auxiliary industries coupled with a large cost competitive labor pool, and sizeable investments in infrastructure could position the country favorably for automotive manufacturing in the long term to service both the regional and domestic market with price competitive vehicles. he also added that the government is currently engaged in the expansion of infrastructures that contribute a lot to the country's development and also to the automotive sector.

4.4.2 INTERVIEW WITH MANAGERS OF CUSTOMES AUTHORITY

The interview was focused on one major question

The industrialists blamed the government's policy of double taxation as the major cause for the market stagnations they face? What is your opinion?

According to the mangers of customs authority he responded that the Ethiopian Revenue and Customs Authority regulation in calculating excise tax payable on vehicles assembled locally says, the tax paid on import of inputs that are used to produce such goods shall be deducted. Ethiopia imposes an excise tax of 30Pct for vehicles up to 1,300cc, 60Pct for 1,300-1800cc and 100Pct for 1801cc on imported vehicles. This makes them less competitive mainly against imported used cars which are taxed once but he also added that locale car assemblers do have a privilege of import duty tax of 5% instead of 35 percent when they are importing in CKD form.

4.4.3 INTERVIEW WITH SELACTED MANGERS OF LIFAN MOTERS, HYUNDAI MOTERS, METALEMGINEERING CORPORTATION AND EHIOPIAN METAL INDUSTRY DEVELOPMENT.

The interview was focused on one major question

What are the factors hinder the market of the locally assembled passenger car market in Ethiopia?

According to the interviews with industry stakeholders, they reported that the factors that hinder the market of passenger car are:

- The baseness of banks that extend credit facilities to individuals for the purchase of passenger cars
- Absence of appropriate systems for car leasing.
- Absences of appropriate centers for after sale services.
- Unavailability of reasonably priced spare parts.

Also they clime Excessive government tax on the locally assembled car and this high tax rates on vehicles reduce the affordability of vehicles.

4.4.4 INTERVIEW WITH MANAGERS OF SELACTED FINANCAL INSTITUTION

The interview was focused on one major question

Is there sufficient vehicle financing solution for locally assembled cars?

According to the mangers of the bank he responded that, there is no sufficient vehicle financing not only to the locally assembled car but also to any imported passenger cars and they added that mostly they avail bank loans to heavy trucks which brings fast credit collection. He added that a motor vehicle loan is a type of credit facility extended in the form of term loan for the purchase of both light and heavy duty vehicles. The motor vehicles could be utilized for goods or public transport service.

4.5 Observation by the researcher

According to the design of the study besides self-administered questionnaires, interviews with deputy general managers of the company, observation was made by the researcher.

There was a less sales volume of the locally assembled car by the company and the main reason was stock out and missing of tender opportunities and individual buyers due to long delivery time. Other Root Cause to less sales volume is listed below.

- Less management attention to local Assembly car.
 - Enough funds were not allocated to order skd sedan cars as per the annual plan.
 - Long lead time
 - Continuous promotion was not made
 - Absence of show room for long time
 - Have no selling branches at the main regions of Ethiopia.
 - Less market assessment (sales effort) by sales persons
 - Low marketing skill by the sales persons
 - Less availability of cars with different models to customers.
 - Absence of credit based sales.

CHAPTER FIVE

CONCLUSION AND RECOMMENDATION

5.1 CONCLUSIONS

This study assesses factor that challenges the market of locally assembled car by Mesfin Industrial Engineering PLC. The internal factors like price, product quality, place (distribution), and promotion mix elements and also external factors like economical, government policy and competition have been discussed. To achieve this objective both primary and secondary data have been obtained. Primary data was obtained through questionnaire and structured interview and the collected data is analyzed and discussed. Based on the findings of the research, the conclusions made are presented as follows.

According to the findings of this research, the automobiles assembled by the company have an average quality product even in comparison with similar company and it indicated that product quality challenge is the main problem in the market. In addition to this Customer negative perception to ward locally assembled car is another challenge for the company. Therefore, the average quality of product and negative customer perception can affect the company's profitability as well as competitiveness in the market.

The company provides after sale services support to the automobiles supplied by the company like spare part availability, service time, repair & maintenance, installation and warranty. However, this study indicate that the after sales support provided by the company have problem with regarded spare parts price, availability and quality and generally company have inefficient after service provisos with regard service time, repair & maintenance, installation.

The research finding shows that the demand for vehicle depends on resale value and the locally assembled cars by MIE have low re-sale value. This low re –sale value will have an impact on the sales volume of the company.

As far as the price of the automobiles concerned the study shows that the price of the automobiles offered by the company is competitive, affordable and satisfactory to customers.

Also it indicated that there is balance between prices versus the quality the automobiles. In addition to this the price set by the company is equivalent with its competitors. The company use cost pulse (mark up pricing method) and the challenge that the company faces is with the price of product which is currency fluctuation, inflation and long supply chain.

With regard the promotion is concerned, advertising (broadcast) is widely used and some extent sales promotion (volume discount) is used by the company. Other promotion tool like personal selling, public relation are not widely used by the company. In addition to this, the company advertises promotional activity strength is weak and this indicts that attention is not given to the promotional activates.

The study shows that the convenience of delivery place and post booking deliver time (delivery time) to customers very long and has not been give due attention. In addition to this the Company uses direct type means of distribution channel and the company distribution coverage in Ethiopia is low.

Regarding the market segmentation the company focuses on individual customer's and due attention was not given to the government and private companies. Individual customers are the main purchasers of the company product and government originations are also the next large purchasers.

The study rivals that there high completion to the locally assembled cars and the mine competitor was the imported of used car and with a large market share and foreign companies (importer of new car) are the next competitor at the market. The challenging aspect at the market was also high quality of competitors' product and negative attitude of consumers to the locally assembled products. With regard the demand of the company product it indicated that demand for the local automobile is low.

The market strategy of the company that uses to market its product was less effective and with regard marketing mix strategy, promotion. Price, product and distribution the company use price marketing mix strategy due attention was not give to the other marketing mix strategy.

The attractiveness of government policy to promote the automotive industry toward locally assembled car was good but with some limitations or still there is a gap. The company climate Excessive government tax on the locally assembled car and this high tax rates on vehicles reduce the affordability of vehicles

With regard to vehicle financing solution for locally assembled cars there is no sufficient finance provided by the banks as well as by the company and Lack of foreign currency for importation CKD cars. Therefore, this hinders the development of the automotive sector.

There is stable national economic performance of macroeconomic policy which encourages the automobile production and sales. With regard used vehicle policy the study indicate that there is no used vehicle policy which hinders the locally assembles car market and preferred to have with age limit of importation of used cars.

5.2 RECOMMENDATION

The company must know what quality the customer really want and adjust the product in such fashion and should Improve the product quality continuously in discussion with the manufactures of the automobile. This is the most appropriate way to achieve customer satisfaction, company profitability and the most effective defense against foreign competition, used car competition and Customer negative perception to ward locally assembled car

The company should have after-sales service strategies keep the original product through repair, maintenance instructions, installation, warranty, timely service delivery and supply of quality spare parts with reasonable price to consolidate sales, build customer relationships and grow the company profits and in addition to this a strong after service support have an impact to increase the re –sale value of the car and re-sale value have also an impact on demand for car.

The company usually fixes prices which covers costs and provide a profit margin (mark up pricing method) so the company should give due attention for the actual demand for the product, the perceived value of the customer and the amount of competition prevailing in the market .

The company to maintain its position in the market the selection of promotion mix must be in position to give the competitive edge to the company over other competitors. The most common promotion tool used by Mesfin industraila engineering PLC (MIE) is advertising and mainly radio (broadcast) and to some extent the company uses sales promotion which is volume discount. To meet the requirement of industrial or heavy price products sales like automobiles personal sealing is also advisable for the company. The company should implemented integrated marketing communication strategy. In addition to the advertising and sales promotion, publicity and personal selling must be considered and aggressive promotion should be conducted. So that its sales targets, customers relationship and image of the company will be maintained properly.

The company has to improve its delivery status and products should be delivered on time. The Companies has facing high competition, so that to run a successful business activity it have to

change its usual practices and should have short deliver time to satisfy the desires of buyers and to reduce cost of the company.

The company has to develop effective market segmentation and attention should also be give to the governmental originations and private companies in addition to individual customers.

The company has to conduct market research and competitor intelligence to know the existing trend of competitors and to assess current customers' needs and wants. In addition to this aggressive promotion will alleviate the competition with second hand cars as well as the consumer's negative perception to ward locally assembled cars.

The Company has to develop marketing strategies which is customer driven and bound to increase profitability, customer equity and shareholder value and from time to time new measure have to be implemented in order to maintain market share and remain competitive at the market.

Government support is necessary for automobile sector and protects this sector as many people are directly or indirectly attached with it. These used cars are the source of income for already well established people who are importing it but bring no benefit for the common. These cars may be a source of revenue for the government sector but as a whole it is damaging the well structured local sector. Therefore the government has to takes measures in order to provide incentives for locally produced vehicles like complete ban: Banning import of used vehicles altogether or Age policy: Age limit on import or Taxation: to tax older vehicles during registration or Inspection: strict test as a precondition for vehicle

The government should reconsider the tax structure like the excise and customs duty amounts on imported automobiles in CKD form which is currently high and should lifted the double taxation imposed which is claimed by the local car assembler.

The management of company has to work with different financial institution instead of working with limited banks so as to gent Sufficient foreign currency to import CKD automobiles as well as spare parts.

The management of company has to strive to get adequate credit services to its customers from the private as well the government banks.

Government support is necessary to be established vehicle financing banks owned by the private sector as well as by the government for the development of automobile sector and industry stakeholders should support the establishment of vehicle financing solutions, in order to encourage wider vehicle ownership.

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APPENDICES

Appendix A: Questionnaires

RESEARCH QUESTIONNAIRES

Indira Gandhi National Open University School of Management Studies Master Business Administration (MBA) Specialization in marketing Management Program

This questionnaires is to selected customers of Mesfin Industrial Engineering PLC

The main objective of this study is to examine the market challenges of locally assembled automobiles in Ethiopia case of Mesfin Industrial Engineering PLC. This questionnaire is to secure relevant data to the study which is believed to come up with valuable recommendation for problem observed. Therefore,

Your valuable support in responding to the question raised is of paramount importance to the success of the study. Hence I earnestly request you to fill the questionnaire carefully. The quality and quantity of information you provide determines the ultimate reliability of the study. Thank you in advance for your relentless cooperation. This questionnaire has no any intention except for academic purposes and its confidentiality is maintained intact.

Part I personal information

1. Sex

A. Male B. Female

2. Educational Level

A. Certificate B. Diploma C. university degree and above

D. other

3. Age group

- A.18-30 [] B. 31- 45 [] C. 46-60[] D. 61 and above []

Part II is designed to assess customer's opinion towards the product, price, place and promotion attributes of locally assembled cars.

2.1 Basic information product related

1. How do you evaluate the overall quality locally assembled cars by MIE?

- A, Very good B, Good C, Average D, Bad E, Very Bad

2. Do you believe that locally assembled vehicles by MIE are of good quality as compared to other vehicles of the same price range?

- A. Strongly Disagree B. Disagree C. Neutral D. Agree E. Strongly agree

3. What are the problems with respect to spare parts to vehicles?

- A. Quality B. Price C. Availability

4. Do you think that the after sale service (like service time, repair & maintenance, installation etc) provided by the company have a problem.

- A. Yes B. No

5. Do you think that Demand of Vehicle is depend on Resale Value?

- A. Yes B. No

6. How do you rate the re-sale value of locally assembled cars by MIE?

- a) High b) average c) low

2.2 Basic information price related

7. What do you think about the price of locally assembled car by MIE?

- A. lower B. Affordable C. Excessive D. Competitive

8. Do you satisfy with the price of the locally assembled vehicles by MIE?

- A. yes B. No

2.3 Basic information promotion related

9. What do you think of the advertising and sales promotion for locally assembled cars by MIE?

- A. Excellent B. Very good C. Good D. Average E. weak

10. What is your source of information about locally assembled car by MIE?

- A. TV advt. B. News papers C. Radio D. Friends /Relative

2.4 Basic information distribution related

11. What is your level of satisfaction to the following statement for the locally assembled cars by MIE? Use scale of 1-5 where 1 Very satisfied 2. Satisfied 3. Average 4. Unsatisfied 5. Very unsatisfied

Place/availability related attributes	1	2	3	4	5
Dealer’s location					
Waiting time post booking /delivery time					

Appendix B: Questionnaires

RESEARCH QUESTIONNAIRE

Indira Gandhi National Open University School of Management Studies Master Business Administration (MBA) Specialization in marketing Management Program

This questionnaire is for selected staffs of Mesfin Industrial Engineering PLC the main objective of this study is to examine the market challenges of locally assembled automobiles in Ethiopia the case of Mesfin Industrial Engineering plc. This questionnaire is to secure relevant data to the study which is believed to come up with valuable recommendation for problem observed. Therefore, your valuable support in responding to the question raised is of paramount importance to the success of the study. Hence I earnestly request you to fill the questionnaire carefully. The quality and quantity of information you provide determines the ultimate reliability of the study. Thank you in advance for your kind cooperation. This questionnaire has no any intention except for academic purposes and its confidentiality is maintained intact.

Part I personal information

1. Sex

- A. Male B. Female

2. Educational Level

- A. Certificate B. Diploma C .university degree and above D. other

3. How many years of experience do you have in the automotive industry?

- A. 0-5 B. 5-10 C.10-20 D. above 20

4. How long have you been in the current employer company?

- A. 0-5 years B. 5-10 years C.10-20 years D. above 20 years

Part II Basic information on challenges of locally assembled automobile by MIE

Products related

1. What features of the locally assembled automobile of your company are considered basic features by your customers?

A. reliability B. safety C. fuel economy

2. What Major challenge in the market do you face regarding your product?

A. Product quality challenge

C. Customer negative perception

D. Other (specify)

3. What are the complaints rose from customer about your product?

Price related

4. What is your opinion concerning the price methods of your company for the locally assembled automobiles?

A. value pricing B. Target returns pricing C. cost pulse (mark up pricing) D. competitor's base pricing

5. How do you rate your company product price viruses other local car assembler's price?

A. Less expensive B. Equivalent C. expensive D. very expensive

6. What is your opinion regarding the price verses quality of your company product?

A. the price should have been lesser

B. the price should have been higher

C. The price shouldn't be changed

Promotion related

7. What types of promotion tools do you use?

A. Advertising B. public relation and Publicity C. sales promotion

D. personal selling

8. If you advertise your products which medium (media) do you use?

A. Television B. Radio C. News papers D. Magazines

9. How do rate the strength of your company promotional activity?

A. Very good B. poor C average

10. How do you promotionally support your product?

A. Price discount (volume discount)

B. Credit period time

C. other specify _____

Distribution related

11. How do you distribute your products?

A. Through specific agent B. directly to customer

C. other means (Specify) _____

12. How do rate the extent of your market distribution coverage compare to those of your competitors?

A. high B. moderate C. low

Competition and marketing strategy related

13. What market do you focus on?

- A. Government organization B. Individual Customers C. private compiness

14. Who are your major competitors?

A. Other local car assembler

B. Foreign companies

C. used car importers

15. Do you agree that local sector is losing the market due to imported used cars?

A. Yes

B. No

16. To what extent is the demand for your product?

A. high

B. moderate

C. low

17. What are the challenging aspects when it comes to competing in the market?

A. Lower price of competitor's product

B. higher quality of competitor's product

C. Intensive promotion activity of competitors

D. Efficient production distribution of competitors

E. Consumer negative attitudes towards locally assembled cars

F. other specify _____

18. How would you evaluate over all your marketing strategy?

A. Effective

B. less effective

C. highly effective

A. Strongly Disagree B. Disagree C. Neutral D. Agree E. Strongly Agree

V. Open ended questions

26. What is the Internal Environment (Strengths and Weaknesses) of your company that affects its ability to be profitable?

27. What is External Environment (Opportunity & Threat) of your company that affects its ability to be profitable?

28. What are the complaints arose from customer?

Appendix C: Questionnaires

RESEARCH QUESTIONNAIRES

Indira Gandhi National Open University School of Management Studies Master Business Administration (MBA) Specialization in marketing Management Program

This interview question is for selected DGM of Mesfin Industrial Engineering PIC.

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The interview was focused on five major questions

1. How do you evaluate the competition in the automobile industry that you are engaged in?
2. How do you evaluate your company marketing strategy?
3. What are the Factors that Affecting the Automobile Market?
4. Evaluate the government Industrial policy towards the locally assembled vehicles. Does the government encourage the local car assemblers?
5. Does the Ethiopian economic growth affect the locally assembled market? How?

Appendix D: Questionnaires

RESEARCH QUESTIONNAIRES

Indira Gandhi National Open University School of Management Studies Master Business Administration (MBA) Specialization in marketing Management Program

This interview question is for selected managers of customs authority.

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Thank you

The local automobile assemblers blamed the government's policy of double taxation as the major cause for the market stagnations they face? What is your opinion?

Appendix E: Questionnaires

RESEARCH QUESTIONNAIRES

Indira Gandhi National Open University School of Management Studies Master Business Administration (MBA) Specialization in marketing Management Program

This interview question is for selected financial institutions managers.

The main objective of this study is to examine the market challenges of locally assembled automobiles in Ethiopia case Mesfin Industrial Engineering plc. This questionnaire is to secure relevant data to the study which is believed to come up with valuable recommendation for problem observed. Therefore, your valuable support in responding to the question raised is of paramount importance to the success of the study. Hence I earnestly request you to fill the questionnaire carefully. The quality and quantity of information you provide determines the ultimate reliability of the study. Thank you in advance for your relentless cooperation. This questionnaire has no any intension except for academic purposes. And its Confidentiality is maintained intact.

Thank you

1. Is there sufficient vehicle financing solution for locally assembled cars?

Appendix F: Questionnaires

RESEARCH QUESTIONNAIRES

Indira Gandhi National Open University School of Management Studies Master Business Administration (MBA) Specialization in marketing Management Program

This interview question is for selected managers of lifan motors, Hyundai motors, metal engineering corporation auto assembly plant, and Ethiopian Metals Industry Development Institute officials

The main objective of this study is to examine the market challenges of locally assembled automobiles in Ethiopia case mesfin industrial engineering plc. This questionnaire is to secure relevant data to the study which is believed to come up with valuable recommendation for problem observed. Therefore, your valuable support in responding to the question raised is of paramount importance to the success of the study. Hence I earnestly request you to fill the questionnaire carefully. The quality and quantity of information you provide determines the ultimate reliability of the study. Thank you in advance for your relentless cooperation. This questionnaire has no any intension except for academic purposes. And its Confidentiality is maintained intact.

Thank you

What are the factors hinder the market of the locally assembled passenger car market in Ethiopia?