

**ASSESSMENT ON PRODUCT  
DIFFERENTIATOR REASONS OF  
CUSTOMERS WHO PREFER IMPORTED  
SHOES TO LOCALLY PROUDCED ONES**

*"A Case Study in Awassa Town"*

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## Abstract

Nowadays, shoe products are imported in different ways to Ethiopia, and many imported shoe customers also purchase these imported shoe products. As these shoe products imported from outside, the country also has its own shoe factories, which provide different types of shoe products, and currently suffering because of high competition from imported shoes.

This study assesses product differentiator reasons of customers who prefer imported shoes over locally produced ones, taking the case of imported shoe customers and retail distributors of Awassa town which is 275 kms far from Addis Ababa to the south. The study relied on a sample of 750 Awassa town imported shoe customers and all imported shoe retail distributors. The data collection based, on 6 product differentiators namely; quality, price, durability, repairability, easiness to clean, and fashionability of a shoe and the data is collected through questionnaire and interview. The result of the data analysed using percentages and summarization tables show quality, fashionability, durability and price are the four major product differentiator reasons of customers to prefer imported shoes to locally produced ones.

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# CHAPTER ONE

## Introduction

### 1.1 *General Background of the Study*

We may have seen so many imported shoe retailers in different market places of Ethiopia. Nowadays it is obvious and can be understood through observation that the number of imported shoe retailers is increasing highly, and also it is simple to observe the increasing number of buyers of these imported shoes. From this observation we may say that there are many users of imported shoes as well as sellers in different parts of the country.

As there is high import of shoes, the country shoe factories also provide different types of shoe products. But this time as different local medias present, the local shoe factories faced great competition from imported shoe products and the existence of most shoe factories is also in doubt. As it is written in Addis Zemen Amharic news paper (Tahsas 11,1994 E.C.) most local shoe factories are going to be bankrupt and closed, and more than 15,000 workers of these shoe factories have already been laid off because of this problem. And this research has been conducted to assess product differentiators that made customers to prefer imported shoes over locally produced ones, taking the case of imported shoe customers and retail distributors of Awassa town which is 275 kms far from Addis Abeba to the south through questionnaire and interview using the following briefly expressed product differentiators which can affect customers preference of one shoe product over the other.

## **Quality**

One of the measurements of buyers degree of satisfaction is the comparison between expected quality level and perceived quality level after consuming or using a product. In case of quality if, after a given purchase and use occasion, a customer believes that a good or service has met expectation, satisfaction results; if not dissatisfaction results.

Repeated satisfaction experiences over time and information about the level of satisfaction of a given product may enhance the customer to develop clear expectations about what to expect in the future.

In order to deliver customer satisfaction quality may play the greatest role, that is why mostly organizations give more attention to the quality of a product or service than other product feature variables.

The term quality is defined in different similar manners by different authors, the following statement is one of the definitions given by Joseph P. Guiltina, Gordon W. Paul and Thomas J. Madden (1997) "The term quality is often taught to mean defect free product. This traditional manufacturing oriented view of quality has been broadened considerably in recent years. Today high quality mean pleasing customers, going beyond merely protecting them from annoyances .... Thus, a truly quality oriented view of customer satisfaction is

one that subscribes to providing a level of benefit that exceeds rather than just matches expectation.”

Therefore based on the above definition of quality, we can say that shoe customers need shoe products which can please them and met or exceed their satisfaction level, and they may reject shoe products which may not met their expected benefits.

In seeking to get shoe products which can met their expected level of satisfaction customers may see the following dimension of quality.

- \* **Performance** : the basic operating characteristics of a product (shoe), such as shoe’s capability of creating comfort in time of usage or its capability of not creating any difficulty for walking or running.
- \* **Reliability**: the probability of product failure within a given time frame.
- \* **Conformance** : the degree to which a good or service meets established standards, such as how close a shoe comes to its standard size.
- \* **Aesthetics** : how a product looks, feels, sounds, tastes or smells.

## Price

Since price is the amount of money which is asked in consideration for the transfer of legal title to a product or service, it is one of the determinant factors which affect customers preference. Specially, in previous years it was the major determinant of customers preference and it is still working in some poor countries like Ethiopia, the following statement may support this idea. “ Traditionally, price has operated as the major determinant of buyer’s choice. This is still the case in poor nations, among poorer groups, and with commodity type products. Although non-price factors have become more important in buyers behaviour in recent decades, price still remains one of the most important elements determining company market share and profitability. Customers and purchasing agents have more access to price information and price discounters. Consumers shop carefully, forcing retailers to lower their prices. The result is a market place characterized by heavy discounting and sales promotion.”  
Filip kotler (2000)

And as it is known in economics theories demand of a given product usually varies with its price. The lower the price the greater the demand. This is because people who want the product will buy more of it at a lower price, and the lower price will also attract new buyers. In addition, demand for a product may also be affected by the price of related product. These economics theories may give us a base to say price of a given shoe can affect its own demand, and price of one type of shoe product can affect demand of the other similar type of shoe

product. That is why we take price as one of preference variables which may become reasons of customers to prefer imported shoes over locally produced ones.

### **Durability**

Durability is also one of the factors that influence to buy a given product, as Filip Kotler (2000) shown, durability is, a measure of the product's expected operating life under natural or stressful conditions, is a valued attribution for certain products. Buyers will generally pay more for vehicles and kitchen appliances that have a long lasting reputation. In our case also customers are willing to pay for those shoes that have a long lasting service.

### **Reparability**

Reparability is the speed and ease of repair when a product malfunctions or fail. Customers generally want shoe products which can be repaired easily.

### **Fashion**

Fashion is also included as one of product differentiator that affect customers preference. A fashion in its broadest sense is a particular style that is popular or currently accepted in a given

field for a few months or years. As Philip Kotler (1999) noted it is difficult to predict the length of fashion cycle.

People follow fashion for many reasons, here in our case we can say that people prefer shoe products which are currently accepted and make them attractive.

### **Easiness to Clean**

When we say easiness to clean it includes the time that a shoe takes to be cleaned, its consumption of cleaning materials and what it looks like after it is cleaned. Shoe customers prefer products which take less time and materials to clean and looks like as they need after cleaning.

## 1.2 *Statement of The Problem*

Customers prefer imported shoe products to locally produced ones because of different factors, which can affect their buying behavior. Among these factors product differentiators are the one which can affect buyers behaviour to prefer one product to the other. And these product differentiators express the different characteristics that a given product can have like its quality, price etc. In this research assessment of product differentiator reasons of customers to prefer imported shoes over locally produced ones has been done using the different differentiators of a shoe namely; its quality, price durability, reparability, fashion and easiness to clean.

### ***1.3 Objective and Significance of the Study***

The general objective of this study is assessing product differentiator reasons of customers who prefer imported shoe products over locally produced ones, taking the case of Awassa town imported shoe customers and retail distributors, through questionnaire and interview.

And the specific objective of the study is providing base line information for those local shoe factories about product differentiators which made customers to prefer imported shoes to locally produced ones.

The significance of this study is to create awareness to those local shoe factories about product differentiators that made customers to shift and if, they are going to improve these differentiators, which are customers reasons to prefer imported ones over the home one, the study help to indicate those product differentiators which need improvement.

In addition to these if there is any product differentiator, which causes shift in customers preference and needs any government attention the study helps to take the issue to government attention.

### ***1.4 Scope of the Study***

Even if customers can shift from buying one product to the other or customers prefer one product to the other because of many reasons, this study focuses only on product differentiator

variables that can affect customers' preference of one type of shoe over the other. And due to external factors the time for data collection <sup>was</sup> short.

## CHAPTER TWO

### Methodology

#### 2.1 *Source Population and Sample*

A study has been conducted to assess product differentiator reasons of customers who prefer imported shoes over locally produced ones taking the case of Awassa town imported shoe buyers and retail distributors.

For this study the source population were all imported shoe customers of Awassa Town who are above 19 years old and imported shoe retail distributors of Awassa Town.

From the source population of customers the sample for questionnaire distribution has been taken using the following technique.

- Total population of Awassa town who are above 19 years old =44,513

From these amount of above 19 years old population through personal judgement (which basis on personal observation) 35,000 of them are expected to use fabricated shoes. From these 35,000 expected fabricated shoe users 15,000 of them are expected to use imported shoes. From these 15,000 expected imported shoe users due to the available time and budget constraint 5% sample, which is equal to 750 people has been taken. And to keep the reliability of the sample taken, quota

sampling, which divides the customers, based on their sex and income level has been used. Based on this quota sampling 375 male and 375 female respondents have been included. And the questionnaires have been distributed for 30 males whose monthly income is below 120, 70 males whose monthly income is from 120-480, 115 males whose monthly income is from 480-720, 70 males whose monthly income from 720-1200, 50 males whose monthly income is from 1200-2000, 40 males whose monthly income is above 2000, 45 females whose monthly income is below 120, 70 females whose monthly income is from 120-480, 120 females whose monthly income is from 480-720, 65 females whose monthly income is from 720-1200, 50 females whose monthly income is from 1200-2000 and 25 females whose monthly income is above 2000.

The interview has been conducted for 6.5% (50) of the interview respondents and due to the less number of imported shoe retailers all of them have been included. The sample included 25 females and 25 males and based on their income it included 3 female and 3 male customers whose monthly income is below 120, 4 male and 4 female customers whose monthly income is from 120-480, 5 male and 5 female customers whose monthly income is from 480-720, 5 male and 5 female customers whose monthly income is from 720-1200, 4 male and 4 female customers whose monthly income is from 1200-2000, and 4 male and 4 female customers whose monthly income is above 2000.

## 2.2 *Data collection*

The data collection technique included questionnaires and interviews to know product. Differentiator reasons of customers who prefer imported shoes to locally produced ones.

Questionnaires were distributed to those customers available in imported shoe retail stores within a given six market days. The questionnaire included the following questions, respondents name, sex, income level\* category which includes below 120, from 120-480, from 480-720, from 720-1200, from 1200-2000 and above 2000, and respondents reason(s) of product differentiator variable(s) that made them to prefer imported shoes to locally produced ones among the differentiator variables provided namely: quality, price, durability, reparability, easiness to clean and fashionability of a shoe. under these different product differentiators there are different product differentiator concern ranks which include high concern, above average concern, average concern, and low concern for which different concern weights are given. Customers were asked to write their name (if they want), their sex, their income level category, their reasons(s) of product differentiator(s) that made them to prefer imported shoe over locally produced one and also asked to rank their concern to the product differentiator(s) that they prefer, from high concern to low concern. It was also possible for customers to prefer more than one product differentiator.

To keep the quality and reliability of data collected through questionnaire direct and unstructured interview which is similar to the questionnaire items has been conducted by the  
( \*Income level is used because it is one of the influential factors that affect the demand of a given product )

researcher himself to all imported shoe retail distributors and 50 selected buyers.

The data collection has taken place by the researcher himself and two selected University students. The two data collectors have been given orientation and clarification about the objective of the research and about the questionnaires distributed, and collected the data, that has been collected through questionnaires. The data collection has taken 6 market days from February 11 to February 16, 2002.

To overcome any possible ethical problem permission has been asked from the questionnaire and interview respondents, and respondents have been told about the benefit of the study. Moreover, name of respondents was optional i.e., respondents who want fill their name have done it otherwise it was not mandatory. In addition to these honesty, neutrality and accountability has been secured by the researcher as well as by the data collectors.

### 2.3 *Data Analysis*

The method of data analysis for the questionnaire was a simple mathematics one in which, first, respondents has been arranged and categorized in homogeneous way based on their income level. Next, number of respondents under each product differentiator (quality, price, durability, fashionability, reparability and easiness to clean) and their relative differentiator concern has been counted, and then it has been multiplied with the weights given to these different product differentiator concerns. The weights are 0.4 for high concern, 0.3 for above average concern, 0.2 for average concern, 0.2 for average concern and 0.1 for low concern. After amounts of relative differentiator concerns under each product differentiator has been calculated their individual value has been added as to give the total value for a given product differentiator. For example, under product differentiator quality, if 40 respondents had high quality concern, 30 respondents had above average quality concern, 25 respondents had average quality concern and 10 respondents had low quality concern then the total value for quality is equal to

$$40 \times 0.4 + 30 \times 0.3 + 25 \times 0.2 + 10 \times 0.1 = 31$$

Finally, to summarize results of the questionnaire items simple summarization table and percentage competition has been made.

To analyze the data collected through direct and unstructured interview first interview responses arranged and categorized in homogeneous way and the result is presented in report form.

## CHAPTER THREE

### Results, Discussion and Limitation

#### 3.1 *Results*

A total of 750 Awassa town customers who prefer imported shoes to locally produced ones were included in the study for questionnaire respondents. And questionnaires containing 6 questions about product differentiators have been distributed to those 750 respondents, but during the arrangements process for data analysis 30 of the questionnaires did not returned and 15 of the questionnaires become invalid and are not included in the data analysis.

In addition to this 50 selected customers and 48 retail sellers have been conducted short and unstructured interview, which is similar to the questionnaire items.

The following is the result of the data collected through questionnaires and interview from customers who prefer imported shoes over locally produced ones and interview conducted for retail sellers.

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Shoe differentiator	No. of Respondents X relative shoe differentiator Concern weight	Total	Percentage (%)
Quality	$13 \times .4 + 5 \times .3 + 3 \times .2$	7.3	21.4
Price	$13 \times .4 + 5 \times .3 + 3 \times .2$	7.3	21.4
Durability	$8 \times .4 + 8 \times .3 + 1 \times .2$	5.8	17
Easiness to Repair	$3 \times .4 + 5 \times .3 + 4 \times .2$	3.5	10.3
Fashionability	$12 \times .4 + 6 \times .3 + 3 \times .2$	7.2	21.1
Easiness to Clean	$3 \times .4 + 4 \times .3 + 3 \times .2$	3	8.8
Total		34.1	100

Table 1.

Table 1. Shows percentage of responses for different shoe differentiators by male respondents whose monthly income is below 120 birr.

**The table shows:**

- ☞ By 21.4% quality and price are the 1<sup>st</sup> reasons for this group of customers to prefer imported shoes over locally produced ones,
- ☞ Next to quality and price by 21.1% fashionability is the 2<sup>nd</sup> reason for this customer group to prefer imported shoes over locally produced ones,
- ☞ Durability is the 3<sup>rd</sup> reason by 17% to prefer imported shoes over locally produced ones,
- ☞ Easiness to repair is the 4<sup>th</sup> reason by 10.3% for this customer group to prefer imported shoes over locally produced ones, and
- ☞ Easiness to clean is the last reason by 8.8%

Shoe differentiator	No. of Respondents X relative shoe differentiator Concern weight	Total	Percentage (%)
Quality	26x.4 + 25.3 + 9x.3 + 1x.1	19.8	22.1
Price	34x.4 + 21x.3 + 7x.2 + 1x.1	21.4	23.9
Durability	30x.4 + 13x.3 + 9x.2 + 1x.1	17.8	19.8
Easiness to Repair	10x.4 + 14x.3 + 5x.2 + 2x.1	9.5	10.6
Fashionability	14x.4 + 32x.3 + 6x.2 + 1x.1	16.5	18.4
Easiness to Clean	3x.4 + 7x.3 + 6x.2 + 2x.1	4.7	5.2
Total		89.7	100

Table 2.

Table 2. shows percentage level of responses for different shoe differentiators by male customers whose monthly income is from 120-480 birr.

**The table shows:**

- ☞ For this group of customers price is the 1<sup>st</sup> reason by 23.9% to prefer imported shoes over locally produced ones,
- ☞ By 22.1% quality is the 2<sup>nd</sup> reason to prefer imported shoes to locally produced ones for this group of customers,
- ☞ By 19.8 % durability is the 3<sup>rd</sup> reason to prefer imported shoes,
- ☞ By 18.4% Fashionability is the 4<sup>th</sup> reason to prefer imported shoes,
- ☞ Easiness to repair is 5<sup>th</sup> reason to prefer imported shoes, by 10.6% and,
- ☞ Easiness to clean is the last reason by 5.2%

Shoe Differentiator	No. of Respondents X relative shoe differentiator Concern weight	Total	Percentage (%)
Quality	56x.4 + 40.3 + 20x.2 +	38.4	21.9
Price	47x.4 + 37x.3 + 16x.2 + 2x.1	33.3	19
Durability	44x.4 + 34x.3 + 25x.2 +	32.8	18.7
Easiness to repair	11x.4 + 43x.3 + 18x.2 +	20.9	11.9
Fashionability	41x.4 + 46x.3 + 20x.2 + 1x.1	34.3	19.6
Easiness to clean	11x.4 + 18x.3 + 26x.2 + 5x.1	15.5	8.9
Total		175.2	100

Table 3.

Table 3. Shows percentage of responses for different shoe differentiators by male respondents whose monthly income is from 480-720 birr.

**The Table shows:**

- ☞ For this group of customers quality is the first reason by 21.9% to prefer imported shoes to locally produced ones,
- ☞ By 19.6% fashionability is the 2<sup>nd</sup> reason to prefer imported shoes to locally produced ones,
- ☞ By 19% price is the 3<sup>rd</sup> reason to prefer imported shoes,
- ☞ By 18.7% durability is the 4<sup>th</sup> reason to prefer imported shoes,
- ☞ Easiness to repair is the 5<sup>th</sup> reason by 11.9% to prefer imported shoes, and
- ☞ Easiness to clean is the last reason by 8.9% to prefer imported shoes.

Shoe differentiator	No. of Respondents X relative shoe differentiator Concern weight	Total	Percentage (%)
Quality	$35 \times 4 + 10 \times 3 + 14 \times 2$	19.8	23.8
Price	$16 \times 4 + 17 \times 3 + 12 \times 2$	13.9	16.7
Durability	$22 \times 4 + 19 \times 3 + 8 \times 2$	16.1	19.4
Easiness to Repair	$6 \times 4 + 11 \times 3 + 13 \times 2 + 2 \times 1$	8.5	10.2
Fashionability	$28 \times 4 + 15 \times 3 + 7 \times 2 + 1 \times 1$	17.2	20.7
Easiness to Clean	$6 \times 4 + 8 \times 3 + 14 \times 2 + 1 \times 1$	7.7	9.2
Total		83.2	100

Table 4.

Table 4. Shows percentage of responses for different shoe differentiators by male respondents whose monthly income is from 720-1200 birr.

#### **The table shows**

- ☞ By 23.8% quality is the first reason for this group of customers to prefer imported shoes over locally produced ones,
- ☞ Next to quality fashionability is the 2<sup>nd</sup> reason,
- ☞ By 19.4% durability is the 3<sup>rd</sup> reason to prefer imported shoes,
- ☞ By 16.7% price is the 4<sup>th</sup> reason to prefer imported shoes,
- ☞ Easiness to repair is the 5<sup>th</sup> reason to prefer imported shoes by 10.2%, and
- ☞ Easiness to clean is the last reason by 9.2% to prefer imported shoes.

Shoe Differentiator	No. of Respondents X relative shoe differentiator Concern weight	Total	Percentage (%)
Quality	$12 \times .4 + 10 \times .3 + 10 \times .2$	9.8	2.2
Price	$5 \times .4 + 10 \times .3 + 8 \times .2$	6.6	14.3
Durability	$6 \times .4 + 12 \times .3 + 10 \times .2$	8.6	18.6
Easiness to repair	$4 \times .4 + 12 \times .3 + 4 \times .2$	6	13.0
Fashionability	$15 \times .4 + 9 \times .3 + 9 \times .2$	10.5	22.7
Easiness to Clean	$4 \times .4 + 6 \times .3 + 6 \times .2 + 1 \times .1$	4.7	10.2
Total		46.2	100

Table 5.

Table 5. Shows percentage of responses for different shoe differentiators by male respondents whose monthly income is from 1200-2000 birr.

**The table shows:**

- ☞ By 22.7 % fashionability is the 1<sup>st</sup> reason for this group of customers to prefer imported shoes over locally produced ones,
- ☞ By 21.2% quality is the 2<sup>nd</sup> reason to prefer imported shoes over locally produced ones,
- ☞ By 18.6% durability is the 3<sup>rd</sup> reason to prefer imported shoes over locally produced ones,
- ☞ By 14.3% price is the 4<sup>th</sup> reason to prefer imported shoes over locally produced ones,
- ☞ By 13% easiness to repair is the 5<sup>th</sup> reason to prefer imported shoes over locally produced ones,
- ☞ By 10.2% easiness to clean is the last reason to prefer imported shoes to locally produced ones.

Shoe differentiator	No. of Respondents X relative shoe differentiator Concern weight	Total	Percentage (%)
Quality	$27 \times 4 + 9 \times 3 + 5 \times 2$	14.1	33.6
Price	$3 \times 4 + 7 \times 3 + 3 \times 2 + 1 \times 1$	4	9.5
Durability	$16 \times 4 + 4 \times 3 + 7 \times 2$	9	21.4
Easiness to repair	$2 \times 4 + 3 \times 3 + 2 \times 2 + 2 \times 1$	2.3	5.5
Fashionability	$14 \times 4 + 5 \times 3 + 4 \times 2 + 1 \times 1$	8	19
Easiness to clean	$5 \times 4 + 2 \times 3 + 8 \times 2 + 2 \times 2$	4.6	11
Total		42	100

Table 6.

Table 6. Shows percentage of responses for different shoe differentiators by male respondents whose monthly income is from above 2000 birr.

**The table shows:**

- ☞ For this group of customers by 33.6% quality is the first reason to prefer imported shoes over locally produced ones,
- ☞ By 21.4% durability is the 2<sup>nd</sup> reason of customers to prefer imported shoes over locally produced ones,
- ☞ By 19% fashionability is the 3<sup>rd</sup> reason to prefer imported shoes over locally produced ones,
- ☞ By 11% easiness to clean is the 4<sup>th</sup> reason for this group of customers to prefer imported shoes over locally produced ones,
- ☞ By 9.5% price is the 5<sup>th</sup> reason to prefer imported shoes over locally produced ones , and
- ☞ By 5.5% easiness to repair is the last reason to prefer imported shoes to locally produced ones.

Shoe differentiator	No. of Respondents X relative shoe differentiator Concern weight	Total	Percentage (%)
Quality	$21 \times 4 + 8 \times 3 +$	10.8	28.8
Price	$6 \times 4 + 7 \times 3 + 2 \times 2 +$	4.9	13.1
Durability	$9 \times 4 + 6 \times 3 + 7 \times 2 +$	6.8	18.1
Easiness to Repair	$5 \times 4 + 6 \times 3 + 4 \times 2 + 3 \times 1$	4.9	13.1
Fashionability	$10 \times 4 + 7 \times 3 + 8 \times 2 +$	7.7	20.5
Easiness to clean	$3 \times 4 + 2 \times 3 + 2 \times 2 + 2 \times 1$	2.4	6.4
Total		37.5	100

Table 7.

Table 7. Shows percentage of responses for different shoe differentiators by female respondents whose monthly income is below 120 birr.

**The total shows:**

- ☞ By 28.8% quality is the 1<sup>st</sup> reason for this group of customers to prefer imported shoes over locally produced ones,
- ☞ By 20.5% fashionability is the 2<sup>nd</sup> reason to prefer imported shoes,
- ☞ By 18.1% Durability is the 3<sup>rd</sup> reason to prefer imported shoes,
- ☞ Price and easiness to repair are 4<sup>th</sup> reasons by equal 13.1%, and
- ☞ Easiness to clean is the last reason by 6.4%.

Shoe Differentiator	No. of Respondents X relative shoe differentiator Concern weight	Total	Percentage (%)
Quality	$39 \times 4 + 18 \times 3 + 5 \times 2$	22	25.6
Price	$16 \times 4 + 10 \times 3 + 5 \times 2$	10.4	12.1
Durability	$22 \times 4 + 23 \times 3 + 13 \times 2$	18.3	21.3
Easiness to Repair	$8 \times 4 + 19 \times 3 + 10 \times 2$	10.9	12.7
Fashionability	$26 \times 4 + 19 \times 3 + 11 \times 2 + 2 \times 1$	18.5	21.5
Easiness to Clean	$3 \times 4 + 6 \times 3 + 14 \times 2 + 1 \times 1$	5.9	6.8
Total		86	100

Table 8.

Table 8. Shows percentage of responses for different shoe differentiators by female respondents whose monthly income is from 120-480 birr.

**The table shows:**

- ☞ By 25.6% quality is the 1<sup>st</sup> reason to prefer imported shoes over locally produced ones, for this groups of customers,
- ☞ By 21.5% Fashionability is the 2<sup>nd</sup> reason to prefer imported shoe,
- ☞ By 21.3% Durability is the 3<sup>rd</sup> reason to prefer imported shoe,
- ☞ By 12.7% easiness to repair is the 4<sup>th</sup> reason to prefer imported shoe,
- ☞ Price is the 5<sup>th</sup> reason to prefer imported shoe over locally produced ones by 12.1% for this group of customers, and
- ☞ Easiness to clean take the last place by 6.8%.

Shoe Differentiator	No. of Respondents X relative shoe differentiator Concern weight	Total	Percentage (%)
Quality	$68 \times 4 + 27 \times 3 + 19 \times 2$	39.1	24.5
Price	$19 \times 4 + 16 \times 3 + 11 \times 2 + 1 \times 1$	14.7	9.2
Durability	$46 \times 4 + 39 \times 3 + 23 \times 2$	34.7	21.7
Easiness to Repair	$11 \times 4 + 29 \times 3 + 19 \times 2$	16.9	10.6
Fashionability	$54 \times 4 + 35 \times 3 + 23 \times 2$	36.7	22.9
Easiness to Clean	$9 \times 4 + 29 \times 3 + 26 \times 2 + 3 \times 1$	17.8	11.1
Total		159.9	100

Table 9.

Table 9. Shows percentage of responses for different shoe differentiators by female respondents whose monthly income is from 480-720 birr.

**The table shows:**

- ☞ Quality is the 1<sup>st</sup> reason by 24.5% for this group of customers to prefer imported shoes over locally produced ones,
- ☞ Fashionability is the 2<sup>nd</sup> reason by 22.9%,
- ☞ Durability is the 3<sup>rd</sup> reason by 21.7%,
- ☞ Easiness to clean is the 4<sup>th</sup> reason by 11.1%,
- ☞ Easiness to repair is the 5<sup>th</sup> reason by 10.6%, and
- ☞ Price is the last reason of customers in this group by 9.2% to prefer imported shoes over locally produced ones.

Shoe Differentiator	No. of Respondents X relative shoe differentiator Concern weight	Total	Percentage (%)
Quality	$41 \times 4 + 15 \times 3 + 7 \times 2$	22.3	30.4
Price	$4 \times 4 + 4 \times 3 + 6 \times 2 + 1 \times 1$	41.	5.6
Durability	$31 \times 4 + 12 \times 3 + 7 \times 2$	17.4	23.7
Easiness to repair	$6 \times 4 + 7 \times 3 + 6 \times 2$	5.7	7.8
Fashionability	$28 \times 4 + 15 \times 3 + 12 \times 2$	18.1	24.7
Easiness to clean	$5 \times 4 + 9 \times 3 + 4 \times 2 + 2 \times 1$	5.7	7.8

Table 10.

Table 10. Shows percentage of responses for different shoe differentiators by female respondents whose monthly income is from 720-1200 birr.

**The table shows:**

- ☞ Quality is the 1<sup>st</sup> reason by 30.4% to prefer imported shoes over locally produced ones for this group of customers,
- ☞ Fashionability is the 2<sup>nd</sup> reason by 24.7%,
- ☞ Durability is the 3<sup>rd</sup> reason by 23.7%,
- ☞ Easiness to clean and easiness to repair are the 4<sup>th</sup> by equal to 7.8%, and
- ☞ By 5.6% price is the last reason to prefer imported shoes over locally produced ones.

Shoe Differentiator	No. of Respondents X relative shoe differentiator Concern weight	Total	Percentage (%)
Quality	$31 \times 4 + 16 \times 3 + 4 \times 2$	18	30.6
Price	$7 \times 4 + \quad + 4 \times 2$	3.6	6.1
Durability	$21 \times 4 + 12 \times 3 + 5 \times 2$	13	22.1
Easiness to repair	$4 \times 4 + 6 \times 3 + 9 \times 2$	5.2	8.8
Fashionability	$19 \times 4 + 9 \times 3 + 14 \times 2$	13.1	22.2
Easiness to Clean	$4 \times 4 + 8 \times 3 + 10 \times 2$	6	10.2
Total		58.9	100

Table 11.

Table 11. shows percentage of responses for different shoe differentiators by female respondents whose monthly income is from 1200 – 2000 birr.

**The table shows:**

- ☞ Quality is the 1<sup>st</sup> reason by 30.6% to prefer imported shoe over locally produced one for the customer group whose monthly income is from 1200-2000,
- ☞ Fashionability is end 2<sup>nd</sup> reason by 22.2%,
- ☞ Durability is the 3<sup>rd</sup> reason by 22.1%,
- ☞ Easiness to clean is 4<sup>th</sup> reason by 10.2%,
- ☞ Easiness to repair is 5<sup>th</sup> reason by 8.8%, and
- ☞ By 6.1% Price is the last reason to prefer imported shoes over locally produced ones.

Shoe Differentiator	No. of Respondents X relative shoe differentiator Concern weight	Total	Percentage (%)
Quality	$14 \times 4 + 7 \times 3 + 3 \times 2$	8.3	30.5
Price	$1 \times 4 + 2 \times 3$	1	3.7
Durability	$8 \times 4 + 5 \times 3 + 6 \times 2$	5.9	21.7
Easiness to repair	$3 \times 4 + 4 \times 3 + 2 \times 2$	2.8	10.3
Fashionability	$8 \times 4 + 8 \times 3 + 5 \times 2$	6.6	24.3
Easiness to clean	$3 \times 4 + 3 \times 3 + 2 \times 2 + 2 \times 1$	2.6	9.5
Total		27.2	100

Table 12.

Table 12. shows percentage of responses for different shoe differentiators by female respondents whose monthly income is above 2000 birr.

**The table shows:**

- ☞ By 30.5 quality is the 1<sup>st</sup> reason to prefer imported shoes over locally produced ones for female customers whose monthly income is above 2000 birr,
- ☞ By 24.3% fashionability is the 2<sup>nd</sup> reason,
- ☞ Durability is the 3<sup>rd</sup> reason by 21.7%,
- ☞ Easiness to repair 4<sup>th</sup> reason by 10.3%,
- ☞ Easiness to clean 5<sup>th</sup> reason by 9.5%, and
- ☞ Price the last reason to prefer imported shoe over locally produced one by 3.7% for this customer group.

Shoe differentiator	Shoe feature reason percentage	
	Male	Female
Quality	23.2	27.2
Price	18.4	8.7
Durability	19.2	21.7
Easiness to Repair	10.8	10.5
Fashionability	19.9	22.8
Easiness to clean	8.5	9.1

Table 13.

Table 13. Shows percentage of response by male and female respondents

**The table shows:**

- ☞ Quality is the 1<sup>st</sup> reason to prefer imported shoes for both male and female respondents, by 23.2% and 27.2% respectively,
- ☞ Fashionability is the 2<sup>nd</sup> reason for both sexes by 19.9% and 22.8% respectively,
- ☞ Durability is the 3<sup>rd</sup> reason for both male and female respondents by 19.2% and 21.7% respectively,
- ☞ For male respondents price is the 4<sup>th</sup> reason to prefer imported shoes over locally produced ones by 18.4% and for female respondents easiness to repair is the 4<sup>th</sup> by 10.5%,
- ☞ For male respondents easiness to repair is the 5<sup>th</sup> reason by 10.8% and easiness to clean is the 5<sup>th</sup> reason by 9.1%,
- ☞ The last response level is given for easiness to clean by males and for price by females, which account 8.5% and 8.7% respectively.

The interview conducted for 50 customers (25 male and 25 female) and 48 retail sellers to assess customers reasons to prefer imported shoes over locally produced ones show the following result.

1. Among the 25 female respondents\* who are asked about their reasons to prefer imported shoes over locally produced ones around 80% weight of the reason is given for three differentiators which are quality, fashionability and durability followed by easiness to repair and easiness to clean. Here price is the least factor to influence customers' preference for buying the imported one.

For the 25 male respondents reasons show differentiation among the different income categories. When we see the result by summarizing the six income categories in to two broad categories. For the male respondents whose monthly income is below 720 birr, the dominant reason to prefer imported shoe over locally produced one is price which has around 25% response level and followed by fashionability and quality together have around 40% response level. But for those respondents whose monthly income is above 720 birr the dominant reasons are quality, fashionability and durability which account around 65% response level and followed by price of the shoe. Here for both male and female respondents the other two product differentiators i.e. reparability and easiness to clean show less response level or they do not have such significant influence on customers preference compared with that of the other 4 product differentiator variables.

2. The interview conducted for 48 retail sellers show almost similar result with that of the interview conducted for the 50 customers, the difference is that the sellers give detail explanation and provide practical evidences. Here almost all of the sellers have the same response. As they said the main reasons of most female customers to prefer imported shoes are quality, fashionability and durability, specially in case of fashionability imported shoes are quit different from the local ones and the other factors do not have such a significant impact on customers preference. And as the sellers replied about male customers even if quality, fashionability and durability are reasons for those customers who can afford higher prices, they are not such significant reasons for customers who can't afford higher prices, rather recently because of the availability of shoe products come from China price and fashionability are the main reasons of customers who need price advantage and attractive style.

### 3.2 *Discussion*

The aforementioned result for the data collected through questionnaire to imported shoe customers, and interview for both imported shoe customers and sellers of Awassa town show, how much customers in different income category are influenced by the different product differentiators to prefer imported shoes over locally produced ones. In addition to this, it shows how much product differentiators influence males and females in general to prefer imported shoes. Following the result, the discussion for the result is presented below.

When we begin our discussion from the first product differentiator reason quality. Quality, for which nowadays, most business firms give a great attention and see it as a strategic weapon to stay ahead of competition by satisfying their customers need of quality level is the first reason for most of Awassa town imported shoe customers, to prefer imported shoes over locally produced ones. Customers, both females and males in different income category mention quality as their main reason to prefer imported shoes over locally produced ones.

This result indicates us that customers are highly sensitive for shoe quality and they do not want to accept or tolerate a lower quality shoe product. And since, quality means a product's ability to satisfy a customer's needs or requirements the town imported shoe customers do not get what they require from the home shoe products or they think, the home shoe products do

not fit for the purpose they are wanted as the imported ones fit. Here from qualities being the first or the major reason of customers to prefer imported shoes over locally produced ones, we can understand that, local shoe products do not have a comparative advantage of quality over imported ones.

There are possible reasons that may lead a product to be a less quality one. The following reasons may be the causes for the home shoe factory products to be a low quality one compared with the imported one:

**Absence of Total Quality Management (TQM) Philosophy:**

TQM is an organization wide approach to continuously improving the quality of all the organizations process, products and services. Nowadays, this approach is becoming popular in many business firms, and if home factories do not implement this approach they can lose the effort of their different organizational units for the improvement of quality.

**Absence of Effective quality control activity at the out put stage:**

Effective quality control activity provides assurance that goods conform to specific standards, and controlling their quality at the output stage through inspection helps to detect unacceptable quality before a product is delivered to customers. If local shoe factories do not have an effective quality control strategy they may not be able to deliver quality shoes to final customers.

**Low quality of raw materials and absence of effective input control:**

If the raw materials which are used to make the final output (shoe) are not of high quality or not as of the level of quality required to deliver a quality shoe and if the input quality control made by the firms in time of accepting the input raw materials are not sufficient, these can be the cause of low quality output (shoe).

**Lack of employees' motivation:**

Lower quality products can be produced because of lack of employees' motivation to raise the quality of the product. I.e., if employees are not motivated to do their best in order to deliver a quality shoe product that can satisfy customers need or meet specific standards they can be the cause of lower quality products delivered.

The second product differentiator reason is price, which is paid by customers in consideration for the goods and services they get. Price is one of the four major reasons for those male imported shoe customers of Awassa town to prefer imported shoes over locally produced ones. Here, what we can say is that, since customers buy shoe products repeatedly, customers can be price sensitive for shoe products than other products that are not bought repeatedly. In addition to this, because of availability of substitute shoe products and the habit of most customers to search for lower prices, customers are ready to notice price differences between similar shoe products. When we see price's influence on the preference of Awassa town male

imported shoe customers in different income categories. It is the first reason by 23.9% for customers whose monthly income is from 120-480 and for customers whose monthly income is below 120 by 21.4% together with quality, 3<sup>rd</sup> reason by 19% for male customers whose monthly income is from 480-720, 4<sup>th</sup> reason for male customers whose monthly income is from 720-1200 and from 1200-2000, and 5<sup>th</sup> reason by 9.5% for male customers whose monthly income is above 2000. And as the result of the interview conducted for imported shoe customers show, price is the first reason for the male customers whose monthly income is below 720 birr, and fourth reason for those whose monthly income is above 720 birr. Here from the questionnaire and interview respondents we can understand that customers whose monthly income is relatively low are highly price conscious shoppers or they are highly sensitive for price. But, those customers whose monthly income is relatively higher are more quality and fashionability concerned than price, because, price is not the main reason for the high-income level customers as it is for the low-income level customers.

In addition to this, the type of imported shoes preferred by those relatively low-income level customers and high-income level customers is also different. The above idea is supported by the interview conducted for imported shoe sellers concerning price, as they said shoe products recently come from China are more price advantageous for those customers who can't afford higher prices. In general, prices being one of the main four reasons to influence customers preference indicates us that the home shoe factory product provided for most male customers is not relatively price advantageous, i.e., the price of the home shoe products for most male customers is relatively high compared with the imported ones.

There are possible reasons, which can make a product a higher price one. The following reasons may be possible reasons for Ethiopian Shoe Factory Products, for male customers to be relatively a higher price ones.

**Lack of efficient and effective cost control:**

Inefficiency in operation and absence of effective cost control strategy can be the cause of incurring higher costs. Since cost is the floor price of products, incurring high cost can mean charging high price for customers.

**Source of Raw Materials Purchased:**

If local shoe factories are not capable of selecting the relatively cheapest source of raw materials with the required quality level, they can incur high cost of purchased raw materials and this can become reason for charging higher prices for customers.

**The presence of dumping:**

Dumping refers to the activity of selling goods over seas for less than in the exporter's home market or at a price for below the cost of production, or both. If foreign producers sell their products at a loss or by the price less than in their own home market to increase their market share at the expense of domestic producers they can make the relative price of domestic shoes high.

**High import tax on raw materials purchased from abroad:**

If high import tax is imposed by the government, on raw materials purchased by local shoe factories from abroad, it can be the cause of high price of local shoe factory products.

Here when see price from the female customers point of view, it doesn't have such a significant impact on their preference i.e. price is not dominant reason to prefer imported shoes to locally produced ones, rather it is the last reason by 8.7% as of the questionnaire result for females in general.

When we come to durability, it is the third major reason for both male and female customers to prefer imported shoes over locally produced ones. Here the customers prefer imported shoe because it serves them for a longer duration and resists stressful conditions with out failure than locally produced shoe product. Therefore, this implicates us that, home shoe products lack durability, which differentiates one shoe product from the other based on the time duration that a shoe serves for a customer. There are possible reasons for a shoe product to be less durable compared with other similar products. The following reasons may lead the home shoe product to be less durable.

- *The raw materials used to manufacture the shoes i.e., if raw materials used to manufacture the shoes are not capable to make a durable shoe one, a shoe product will be a less durable one,*

- *Unavailability of skilled personnel who can design a durable shoe one, and*
- *Unavailability of advanced machines, which can design, and made a shoe as to be a durable one.*

As indicated in the result part fashionability is the second major reason for both male and female imported shoe customers, to prefer imported shoes over locally produced ones next to quality. Since fashion is currently accepted or popular style, the result shows us that the customers are highly sensitive or they are ready to follow the popularly accepted shoe styles. This fashionabilities being the second major reason of customers to prefer imported shoes over locally produced ones, indicates us that, the home shoe products are not more attractive and moderate compared with that of the imported ones. The following factors may be possible reasons for the home shoe factory products to be less fashionable compared with that of the imported ones.

- *Unavailability of moderate machines that can design the most fashionable shoe styles needed by the customers.*
- *Unavailability of skilled personnel which is required for designing and producing updated styles of shoes.*

- *Weakness of the management and staff of the factories to identify customers need of fashion and to consider the expected change of fashion needs and to take actions to improve the fashionability of their products.*

When we see the other two-product differentiation reasons i.e., easiness to repair and easiness to clean, they do not have such a significant influence on males' preference. The result for male customers in general shows that they are the last two reasons by 10.8 and 8.5% respectively or they are the lasts to influence customers preference compared with other product differentiation variables.

- But when we see these two product differentiators for female customers, even if, they do not have such a significant influence on females preference they are in a better position to influence, than price influences them by 10.5 and 9.1% respectively.

### 3.3 *Limitation of the Study*

1. Even though, all imported shoe retail distributors have been included in the sample for conducting the interview, due to the distributors unwillingness to be interviewed, only 2/3 or 48 of them have been conducted the interview.
2. During the data collection period, if fads, which are fashions come quickly into public view and decline very fast have been emerged during the data collection period, they may decline the reliability of fashions being customers second reason to prefer imported shoes.
3. Since the number of imported shoe users for sampling purpose is taken based on judgment, it may decrease the reliability of the sample taken.

## CHAPTER FOUR

### Conclusion and Recommendation

#### 4.1 *Conclusion*

In a competitive market, product differentiators have a great role to get competitive advantages. In this study, six product differentiators namely; quality, price, durability, fashionability, easiness to repair and easiness to clean which can possibility differentiate a given shoe product from other similar shoe products are included to assess produce differentiator reasons of Awassa town customers who prefer imported shoes over locally produced ones. For data collection questionnaires have been distributed to imported shoe customers and interviews conducted for both imported shoe customers and sellers. And as the result of the data collected show, for male customers, quality, fashionability, durability and price are the most influential reasons to prefer imported shoes over locally produced ones. The other two product differentiator variables do not have such a significant influence on the male customers' preference. For the female customers' quality, fashionability and durability are the major reasons that made them to prefer imported shoes over locally produced ones. And the other three product differentiator variables namely; easiness to repair, easiness to clean and price do not have such influential power to be as one of the main reasons of female customers

to prefer imported shoes over locally produced ones. When we see it in general, for males and females quality, fashionability, durability and price are the four main reasons which made customers to prefer imported shoes over locally produced ones.

Here the home factories lose of competitive advantage of product differentiators, over imported shoes not only lead the factories to bankruptcy, loss of market share and growth rate but it can also aggravate the countries negative trade balance which results from high expenditure on imports and less income from export trades.

In general, the home factories lose of competitive advantages of product differentiators over imported shoes may result from:

- ☞ Absence of Total Quality Management (TQM) philosophy,
- ☞ Absence of effective quality control strategy at the output stage,
- ☞ Low quality of raw materials and absence of effective input control,
- ☞ Lack of employees' motivation,
- ☞ Lack of efficiency and effective cost control,
- ☞ Source of raw materials purchased,
- ☞ Presence of dumping,
- ☞ High import tax on raw materials purchased from abroad.
- ☞ Lack of advanced machineries and skilled personnel and
- ☞ Management's weakness to identify customers need.

#### 4.2 *Recommendation*

To eliminate customers shift to imported shoes, to improve the home factories products in terms of quality, fashionability, durability and price which are the main product differentiator reasons of Awassa town customers to prefer imported shoes over locally produced ones and to improve the competitive position of home factories in the shoe market the following general recommendations are given:

1. Implementing Total Quality Management (TQM) strategy (approach) which emphasizes that all departments and employees must commit to and share responsibility for quality improvement. In this approach the marketing department of the home firms has a lead role in that it is most responsible for identifying clearly the priority needs and concerns of customers, this is because marketing managers have the responsibility to develop methods for summarizing and communicating information on customers needs and preferences to other units. Without this shared information, units such as purchasing, manufacturing, research and development will be unable to deliver the quality required for sustained competitive advantage.
2. Ensuring the quality of the shoes produced, through quality assurance activities of output. Firms can do this by forming a group or a team that insures whether a shoe conforms to specific standards by inspection. This output quality control strategy enables the firms to detect unacceptable quality before a shoe is delivered to final customers.

3. Ensuring the quality of input raw materials. Firms to produce a quality output should use an input that is needed to produce a quality output. Therefore, shoe factories should set a specific standard for raw materials quality and should have a consistent and organized inspection strategy to detect any unacceptable raw material quality from being delivered to further process.
  
4. To raise the quality of a product employees have a great contribution; so that implementing strategies to motivate employees can raise the quality of a product. This motivation activity can be achieved by different ways like incentives and promotion for high performance and forming quality circles. Quality Circles are small groups of employees (for example 8-10 in a group) who meet voluntarily for about an hour a week to share ideas in an attempt to solve quality related and productivity problems. The group includes foremen as well as employees who perform similar jobs. Members are sometimes taught how to collect data and do the statistical analysis necessary to analyze the cause of quality problems. In other cases, they simply discuss common quality problems. Their recommendations are recognized and acted upon by management. This quality circle philosophy reflects that the responsibility for quality production rests with the many workers rather than with a few inspectors or supervisors, this creates feeling of belongingness to the employees towards their organization and helps to raise quality.

5. Firms to improve their efficiency and cost control, which may be the cause of relatively high price charge for most male customers, they should control the efficiency of the usage of materials used for the whole operation of the company and should be able to have updated machineries which make the operation of the factory efficient. And they have to implement effective cost control strategies to incur only the right costs in operation. Effective cost control strategy requires all the elements common to any control system – only in this case they pertain to costs:

- ☞ Measurement and allocation of actual labour, material and over time costs.
- ☞ Feedback of actual cost data via, cost summary and cost variance information system reports.
- ☞ Comparison with standards (planned or budget) cost levels and actual costs.
- ☞ Correction when actual costs differ from standard costs.

If local shoe factories improve their efficiency, and control their costs effectively they can get a competitive advantage over the imported ones, and their market share can increase.

6. If local firms ability not to select the cheapest source of raw material is the cause of high price charge from male customers they have to use systematic way of selection to get (select) the cheapest source of raw materials. And having alternative sources of supply can ensure competitive prices of raw materials.

7. If there is any dumping activity by exporters the government should have to impose anti-dumping duties, which can safeguard, the domestic shoe factories from being bankrupt or suffer because of market loss.
8. If high import tax on raw materials purchased from abroad by home factories is the cause of local shoe products to be a higher price ones compared with imported shoes, the government should take actions to improve this high import tax, and the local shoe factories also have to influence the government to take such actions.
9. If unavailability of moderate machinery, which can design and produce fashionable and durable products is the cause of producing less fashionable and durable products, the companies have to acquire these machineries using any possible way of acquisition.
10. If lack of qualified or skilled personnel who can design and produce a fashionable and durable shoe product is the cause of producing less fashionable and durable products the home shoe factories should hire skilled personnel and/or should train their existing personnel as to design and produce a fashionable and durable shoes.
11. The firms also have to assess and identify the changing fashion need of customers for fashion, and improve the existing shoe styles or designing new type of shoes based on customers need for fashion.

12. Identifying the type of raw materials, which uses to produce a durable shoe one and hiring them.

13. Designing the shoes as to be simple for reparability and using input chemicals, which can be used to make a shoe, which is simple to clean.

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## Appendix

### Sample Questionnaire

Name: \_\_\_\_\_ Monthly Income : below 120  720-1200   
 Sex: \_\_\_\_\_ 120-480  1200-2000   
 480-720  above 2000

Why do you prefer imported shoe over locally produced one ?  
 Please make an X on any of your reason(s) among mentioned below, and make an X on your concern for the reason(s) you choose.

1. I prefer imported shoe because of its quality

high   above average   average   low

Your concern for the      
 Quality of a shoe

2. I prefer imported shoe because of its low price

high   above average   average   low

Your concern for price      
 Of a shoe

3. I prefer imported shoe because of its durability

high   above average   average   low

Your concern for      
 durability of a shoe

4. I prefer imported shoe because of its easiness to repair

high   above average   average   low

Your concern for shoe's      
 repairability

5. I prefer imported shoe because of its fashionability

Your concern for the fashionability of a shoe.      high    above average    average    low  
                                                           

6. I prefer imported shoe because of its easiness to clean

Your concern for shoe's easiness to clean      high    above average    average    low  
                                                           

\* NB:- Questionnaires distributed to customers were in Amharic.



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