Pathology of Strategies in Trading of Flower and Plant: A Case Study in Export Market of Flower and Plant in Khuzestan

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Abstract

Flower and plant market is considered as one of relatively ingenious potentials and its capability as the non-petroleum good has a considerable profit. Based on purpose, this research is regarded as the applied research and based on data and nature, this research is descriptive-analytic. The population consist of importers and exporters of ornamental flower and plant in Khuzestan Province. This research aims to study the current function of exporters in the internal and foreign market regarding the rivals' strategies of marketing and its evaluation and the reasons for inefficiency of flower and plant industry. Results show that there is a meaningful relation between the effect of development strategies and confrontation with entry strategies; entry strategy is the effective factor on world trade.

Keywords: strategy, market share, internal environment, foreign environment, export

Introduction and statement of the problem

For the time being, flower and plant is synonymous with production, export and import in the literature of industry and development and in the technical terms, they are twinned with subjects such as health and environment and market development regarding the demands of customers (Coetzee, 2001). Iran, having various climates and having cheap and numerous fossil and radial advantages, and Khuzestan Province, having the least distance from consumption market of Persian Gulf countries and Central Asia such as Russia, enjoy the ingenious potential of production of flower and plant (Association of Horticultural Sciences of Iran, 2002). So, Iran ranks 17th for planting flower and plant and regarding quantity and the value of productions, Iran ranks 117th, while Netherland with less space in contrast with Khuzestan Province is the biggest producer and exporter of world (Moradi et al, 2005).

Experts believe that Iran is unrivaled for the diversity of branch of flower and with its four-season climate and the capability of producing more than one billion of branch of flower in a year, Iran can take over the export of various ornamental flower and plant in the region and some global markets (Taghsimi, 1999). In this line, with having the conditions of environment of greenhouse, Khuzestan Province is able to both provide the need of internal consumption and meet the considerable portion of vacant potentials of foreign markets.

It is obvious that the suitable and effective strategy plan is around concepts and elements which are able to provide balance, incorporation, solidarity, depth and enrichment of system and also are able to determine the policy of responsible organizations of government such as agriculture ministry, industry and mine and trade ministry and commissions of flower and plant. The main statement of this research is how it is possible to participate in global markets with marketing strategies and removing obstacles.

Significance of the study

Valuable experience of production and export of flower and plant in many countries especially underdeveloped and even poor countries have been one of the most important pivots of planning in recent years in order to balance the trade balance and flourish the regional and national economy and the outstanding example of that is the role which Kenya plays for African producers. Kenya ranks 6th in producing the flower and plant in world (Abukargo, 2010). It means that 52% of Shilling entered into this country is related to the export of flower and plant (Ando, 2010). In other hand, the export of herbal material of Netherland and China is 60% and 36/6%, respectively (Younis, 2009).

Since 2009, the share of export in this small African country, Kenya, has been more than 464 million dollar and the share of export of China till 2007 has been 1/172 million dollar so that they have outran other rivals and attracted many customers due to environment of market development in their countries and they are trying to organize the lasting growth of floriculture industry (Muller, 2002).

In 1950, the USA earned 3 billion dollar from the planting of flower and plant and increased that to 40 billion dollar in 2009. Netherland, Japan and the USA have %50 of trade of flower at their disposal because they gave up the traditional method and also they know that flower is more than good for giving as a present (Baris, 2010).

Valuable experience of flower and plant producers in producing 49/5 million freshly cut Tuberose and Rose flowers from the family of Sorkhan and Gladiolus flowers and export of them to the Persian Gulf countries and introducing Dezful as the pole of producing flower in Province and the second rank of producing Rose in country are the suitable grounds for growth and development of this industry (Askari and Roshandel, 2003).

The statistics of Agriculture organization show that out of 1500 meters which are under the planting of flower and plant, 1 person directly and 6 people indirectly have been involved in this industry. This index is between10 to 15 in European countries although development axis in First Program depends on industry and in Second Program on agricultural development and in Third program on mine development which practically shows less attention to trade and planting of flower and plant in foreign markets and this trend still continues. These statistics show the significance of this topic and marketing strategies in global markets.

Purpose of the study

This research studies the export condition of flower and plant, that is, the problem that its most important aspect is to find a suitable strategy in the target market for exporters. In this line, the primary goal is to get more information from the target markets. Definition and explanation of scientific rules are related to subjects such as entry strategy and boosting the condition that the producer of flower and plant adopts the suitable policy which finally leads to repel the attacks of current rivals. False attack strategy covers the spots which probably exist in defense strategy and suggestions that rivals always threaten the exporters so for this reason the trade name and the products that should be presented to consumers need the strategies to defuse the rival's actions. Confrontation strategy is used when the exporter of flower and plant feels the attack of rivals and prevents the attraction of his consumers from other activists in this industry and seeks policy to the effect that his consumers do not prefer rival's goods. In whole, the exporter tries to increase the attractive capabilities of his product through improvement of product. In market development strategy, the exporter has more attacking policy in proportion to false attack strategy. This action can attract new customers, new products and actions against the rivalry threats especially when the

target markets have dispersion in this case exporters should have readiness to develop new products in advance.

Review of literature
Definition of strategy

Strategy is the art of creation of value and smart structures, conceptual models of ideas and relates it to the resources which have the great importance in the economy of today. These resources include communications, merits and customers of organization (Hamidzadeh, 2012).Today most organizations compose strategic programs for increase in credit and survival and long-term growth and decrease in risk of their operations. Primary process in strategic programming includes the following stages:

- Analysis of condition of function and past and current capabilities
- Determining method and long-term navigation of method and operation of organization
- Prediction of situations and future function
- Utilizing the approaches and ways of reaching missions and aims of organization

Conceptual structure of research

Analytic model is symbolic conceptualization (statement based on graph or chart) of relation between elicited variables from theoretically selected structure for statement of the problem. In the model of this research: the independent variable includes attack, market development, defense and confrontation strategies which affect the entry strategy (mediator variable) and these strategies affect entry strategies of global markets. In this research, dependent variable is entrance to global market (Walker, 2009).
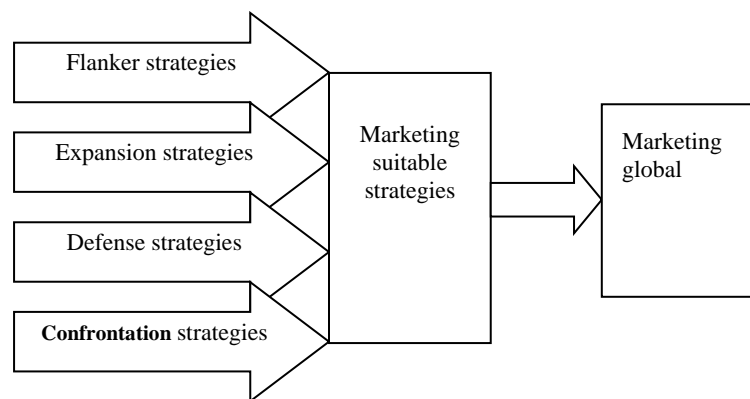

Figure 1. Conceptual framework of the study

Based on the above-mentioned model, the hypotheses of this research are:

H1: Development strategy affects the entry strategy meaningfully with the change in technology of product and diversity of flower and plant products.

H2: False attack strategy affects entry strategy into flower and plant market meaningfully.

H3: Defense strategy affects entry strategy into flower and plant market meaningfully.

H4: Confrontation strategy affects entry strategy into flower and plant market meaningfully.

H5: There is a meaningful effect for using electronic trading in order to enter into international trading of flower and plant.

Methodology

To meet the needs of production and exporters of flower and plant, improvement and optimization of tools, methods, things and patterns are used in order to develop well-fare and peace

and improve the level of life and well-fare of Iranian society. In whole, these researches aim to develop and improve method, goods, tools and structures. Regarding the aim, this research is applied and regarding data gathering, it is survival descriptive-analytic which both describes the data statistics and analyses the results. The population consists of importers and exporters of ornamental flower and plant and based on conducted studies, the flower and plant of Khuzestan Province are exported by exporters to Tehran market then to Europe and Persian Gulf countries. Regarding the focus and density of major producers of flower and plant in two cities of Dezful and Ahvaz, the primary study shows that out of 180 producers in Ahvaz and Dezful 40 producers have more than 1 hectare and rest of them produce flower and plant in small lands. Among those who have more than one hectare just 22 growers produce first-rate, popular and suitable flower which there is no necessity to choose the sample from experts points of view.

Two separate questionnaires were used in order to gather data from producers and exporters. Questionnaires were designed based on hypotheses and purposes of the study and they included questions. The types of questions were open and closed. The closed questions were scaled from very low to very much based on Likert Scale. The open questions were designed in order to get information about opinions and ideas of population. The first part of questionnaire is about personal information of producers and exporters such as level of education, university degree, experience, utilization environment, types of products and exports, export capability and level of familiarity with rules and standards flower market and target countries. The second part is about electronic experiences and exchange of information with global markets and the third part is about their ideas and suggestions.

Also for the validity and reliability of tools in this research, the questionnaires were revised and accepted by experienced researchers and professors for better understanding of repliers. The Cronbach's alpha was used in order to measure the reliability and correlation of questions. With using SPSS software, Cronbach's alpha in the first questionnaire is 0.922 and in the second questionnaire is 0.807 indicating that the results of questionnaires were effective in reaching the purposes of research and the questionnaire enjoys reliable content.

The first part covers description of data derived from questionnaires and the second part covers hypotheses testing.

Data analysis

In this part, the data derived from demographical data replied questions are analyzed.

Data derived from demographical data

Some results derived from characteristics of population including age, education, job record and sex will be presented later. Results indicate that %22/7 of exporters have diploma, %9/1 have associate, 45/5 have B.A or B.S and % 22/7 have M.A or M.S.. The job record of exporters indicates that %4/5 of exporters have less than 2 year experience, %27/3 have experience of 3 to 5 years, %31/8 have experience of 6 to 10 years, %36/4 of exporters have more than 10 year experience. Regarding export-grade flowers, %50 belongs to Rose flower, %32 to Tuberose, %9 to Gladiolus and %9 to Plargonium and Chrysanths. Among the target countries, %27 belongs to exporters choosing Persian Gulf and Western Europe countries and %18/2 belongs to exporters choosing Central Asia and Turkmenistan and other exporters have chosen Afghanistan and Turkey.

Inferential analysis of data

The inferential statistics is used in order to analyze the data and generalize the results and hypotheses testing. To test the hypotheses of research the model of structural equations was used. To find the suitable model, many different models were conducted. Finally, the reflected model in final

model was chosen based on index of suitable practice. The base of following analyses hypotheses testing of research is the mentioned model. As seen, all indices indicate the good practice of model.

Table 1. Indice for practice of model

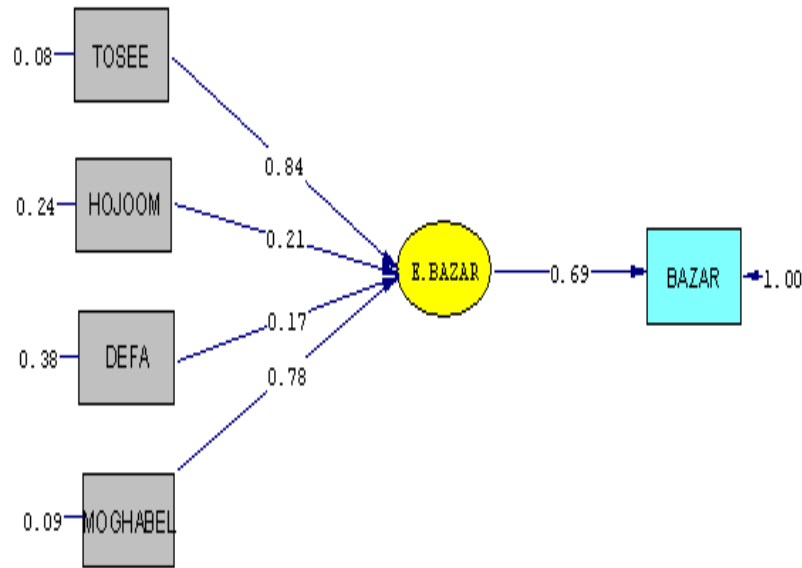| Result	Measured coefficient	Reliable volume	Indice
Good fitting	2	$\frac{\chi 2}{d f}$<3	Ratio of k2 to degree of freedom
Good fitting	0.0011	/05<X</08	Root mean of square's error approximation
Good fitting	0/90	More than 0/9	Fitting index GFI
Good fitting	0/91	More than 0/9	Adjusted fitting index AGFI
Good fitting	0/90	More than 0/9	Comparative fitting index CFI

Figure 2. Analysis and coefficients of path of approved model from the output of Lisrel software

In the following, the result of each hypothesis is explained:

Hypothesis 1: confrontation strategy affects entry strategy. The results derived from the chart of path analysis indicate that t in the meaningful level of test for the mentioned path is meaningful (t-9/41) and the rate is meaningful (B-0/78). So the hypothesis 1 is accepted. Also, the coefficient of multiple regression is positive.

Hypothesis 2: development strategy affects entry strategy. The results derived from the chart of path analysis indicate that t in the meaningful level of test for the mentioned path is meaningful (t-11/79), that is, it is more than t of table and the rate is meaningful (B-0/84). So the hypothesis 2 is accepted

Hypothesis 3: attacking strategy affects entry strategy. The results derived from the chart of path analysis indicate that t in the meaningful level of test for the mentioned path is meaningful (t-1/48), that is, it is less than t of table and the rate is meaningful (B-0/21). So the hypothesis 3 is rejected.

Hypothesis 4: defensive strategy affects entry strategy. The results derived from the chart of path analysis indicate that t in the meaningful level of test for the mentioned path is meaningful (t-2/21), that is, it is less than t of table and the rate is meaningful (B-0/17). So, the hypothesis 4 is rejected.

Hypothesis 5: entry strategy affects world trade strategy. The results derived from the chart of path analysis indicate that t in the meaningful level of test for the mentioned path is meaningful (t-9/98), that is, it is more than t of table and the rate is meaningful (B-0/69). So the hypothesis 4 is accepted.

It is necessary for Agriculture Ministry to make an effort to develop the services for the flower and plant industry. In this line, with adopting development and confrontation strategies, the exporters of ornamental flower and plant with should attain the share of market with the current situation.

The current situation of greenhouses in Khuzestan Province for producing flower in the traditional way, using simple tools, employing inexperienced and less paid workers, lacking mechanized equipment and lacking new technologies does not go well with the successful participation strategy in global market let alone competition in there. It is clear that using technology in each production system is considered as the important factor for boosting productivity. So it is necessary to establish modern and well-equipped greenhouses for the lasting development and attaining maximum production in the traditional greenhouses. In other words, with using well-equipped greenhouse, the output of growth of flower with control of environmental factors increases. The prerequisite to increase production process and quality of products for marketing and diversifying the products is attained through entry strategy and confrontation with foreign rivals.

Recommendations of the study

If the government makes giving low-cost facilities to this sector easy, we can attain considerable development and competitive products in global markets.

In comparison with African countries, the production of flower is newly established and has the minimum experience. So for the development of this industry and development of exports it is vital for the government to provide supplementary mechanism such as allocation of subside to the primary materials of needed institutions, compensation of fixed currency rate being harmful to exporters during inflation in order to create opportunity for producers in global markets.

One of the effective ways of toward development of culture of export and persuasion of export is to conduct the subsidized and persuasive policies of government for exporters such as cash contribution, paying exporting award, export insurance, tax relief, reduction of costumes and trading profit which are considered the emphasized demands of exporters. However, producers should be committed to observe the standards, increase the quality, develop the market, increase the rate of exports and create the new types of flower; so with this mutual responsibility, some value attained from production or export is awarded to them as the present.

For the time being, the considerable part of production of ornamental flower and plant is in the traditional way and in the open space. If we invest in this sector for changing the method of production and using updated technology, with the help of merits we can create the situation to draw attention of global market's demands to Iranian products; so we can create job opportunity for the young people and earn considerable foreign currency income.

It seems that the agriculture engineering system tries to prompt the graduate students of agriculture to establish greenhouses and science parks and greenhouse growing and the experts of flower and plant can obtain updated information especially the techniques of market in near future and based on this, a great number of graduate students are not able to being employed in market.

Competition in the foreign markets and diversifying the products being under the influence of taste and demands of consumers should be recognized. So, it is necessary for the research units to increase the period of durability and compatibility of seed and boll in order to provide the traditional flowers or customers' requested flowers and deliver them to flower producers. Exporters expressed

that they have needed resources for research and development in comparison with the rivals and they expressed their interests to observe the standards of consumers.

Due to significance of electronic trading and its ever-increasing expansion in marketing and selling products especially in international markets, it is necessary for the responsible organization especially trading ministry and information technology ministry to provide the grounds for establishment of electronic basements for producers, exporters and traders and hold educational courses to educate producers and exporters in electronic trading.

Production cycle, packing, transportation, costume and consumption market should be cohesive and each phase should keep up the speed up work and help the movement chain. So it should have the right of expression for the participation of private sectors with clear purposes and in step with the government, the production sector should grow in Iran and foreign countries.

Per capita consumption of each Iranian is 10 flowers. It is recommended that the commissions of flower and plant should spread the culture of giving flowers in the series and shows as the value by setting electronic boards and cooperating with Iran broadcasting.

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