

CRITICAL ANALYSIS AND EVALUATION OF
MARKETING IN JORDAN

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CHAPTER VII

SUMMARY AND CONCLUSION

Marketing is the most undeveloped and inefficient area of business in underdeveloped countries. While marketing is neglected other fields, such as production and manufacturing, receive more attention. In countries where planning boards assume the responsibility of designing plans for economic development, considerations to marketing problems should be given to avoid future losses and failures. A good marketing system is needed in all countries and especially underdeveloped countries because of their limited resources. Good marketing could provide these countries with the tool needed to make the best of the little they have. In addition to its ability to provide consumers with their needs, marketing gives businessmen the opportunity to gain more profit as a result of improving the efficiency of the marketing techniques, and not at the expense of consumers.

The objectives of this study were to evaluate and explain the marketing system in Jordan. Because marketing is connected in its functioning to other systems, such as social, political, legal, and economic, these systems were described in a concise form in Chapter II.

To give the study a more realistic character, a questionnaire was designed and sent to various companies in

Jordan (see Appendix A). The answers were intended to aid the writer in his analysis of the marketing system in Jordan and not to be the only source of data. The answers were not used to generalize about the whole system but to explain certain practices.

Many variables, including social, political, legal, and economic variables, have a profound influence on the operation of marketing in underdeveloped countries. Because these countries have different sets of variables than those in industrialized nations, a real understanding of these variables could add to the success of business enterprises. Cultural and social variables include nationalism, national ideology, attitude toward foreigners, religion, fatalism, and social structure. Political-legal variables include the degree of political stability, political ideology, public vs. private sector, government attitudes toward foreign investment, taxation, and foreign trade regulations. As for economic variables, these include balance of trade and balance of payments, trade with Arab Common Market Countries, trade with Arab countries outside the common market, and trade with other countries.

Marketing activities are influenced by the characteristics of consumers in any given society. Population characteristics, such as age-sex distribution, birth rate, and internal migration have strong impacts on marketing

institutions and strategies. Other characteristics that include education, income, occupation, and consumption patterns have dramatic influence on the behavior of consumers in the marketplace. In 1968, the population of Jordan was estimated to be 2,133,000 inhabitants. The birth rate is estimated to be around three percent in the period 1952-1961. A high birth rate exercises strong influences on the economic development program, and in turn on marketing. Per capita income in Jordan has increased from \$161 in 1958 to \$282 in 1967. Most of an individual's income is spent on the basic needs for food, clothing and rent. The illiteracy rate for people above 15 years of age was around 53% in 1961, but in rural areas it was as high as 76.3%, and among Bedouins it was estimated to reach 96.2%. In 1968 people between 15 and 64 years of age were estimated to number slightly over one million. Of this total the labor force was estimated to be 46%, or 23% of the total population of slightly over two million. Twenty-seven percent of the labor force were self employed, mostly in agriculture and commerce. Of the total 49,484 employees in July 1968 in establishments engaging 25 persons or more, the number of female employees was 5,803 or around 12% of the total.

Domestic trade in Jordan is organized along western lines in some areas especially in big cities, but in villages and small towns it has changed very little since

the beginning of this century. Marketing is still looked at in the narrow sense. Marketing is thought to be synonymous with selling.

Buying habits in Jordan are quite different from those practiced in the United States. Food is bought on a daily basis because of lack of refrigeration. Clothes are usually bought to coincide with an occasion, such as a wedding, Moslem holidays, or during and immediately after harvest. Buyers cannot get goods on credit and at reasonable prices. Prices charged for those who buy on credit might be twice or three times the regular prices.

Bazaar merchants still exist in many cities in the Middle East. The bazaar merchant has specific roles to achieve. These roles are a part of the social life in the Middle East. The bazaar's goods are closely identified with the traditional values of society. The physical characteristics of the bazaar are as follows: The passageways are narrow and cars cannot pass through, and every section of the bazaar is specialized in a specific product line.

Physical distribution may hold the key for the improvement of the inefficient marketing system in Jordan. An effective transportation system is essential for moving goods from the production places to the consumption places. Most underdeveloped countries lack a well-coordinated and well-connected network of transportation facilities. The

investment in transportation would be costly and in many cases is beyond the capability of most underdeveloped countries. The same is true for storage facilities.

Few companies in the Middle East have advertising departments. Businessmen belong to the "all-you-can-afford" school in appropriating money for promotional campaigns. The mass print media in Jordan consist of two daily newspapers, and several specialized magazines. Television and radio broadcasting are controlled by the government which has complete control over commercials to be aired on television or radio. While cigarettes may be advertised on these two media, breweries are barred from the same privilege. Advertising agencies in Jordan are weak and cannot provide adequate services, especially in the field of television advertising.

Prices in the Middle East are determined by bargaining in most cases. Bargaining does reflect psychological aspects as well as cultural heritage in the traditional Middle Eastern culture. In most cases more time is spent on bargaining than there are benefits gained from it. Bargaining is a part of everyday life and a refusal to bargain could be taken as an unkind gesture.

The absence of adequate standardization and grading of farm products and other non-food items has resulted in the low value of such items, and the inability of Jordanian

agricultural products to find markets abroad. Many middlemen are resisting the government's moves to unify weights and measures because this will help consumers to be aware of prices and not to be confused by the different systems used. As a result of unification, competition will be keener and prices and middlemen's profit will be reduced.

The existence of many small farmers in Jordan makes marketing of agricultural products a difficult and costly process. In any attempt to improve the marketing of agricultural products, a linking of the marketing system with the production system is crucial. The government has found it necessary to take steps to correct and help solve the problems facing the agricultural sector. Middlemen in Jordan cannot be expected to improve the marketing system without help because of their lack of technical knowledge and capital to buy facilities to be used in improving the system. Also, middlemen do not feel the urge because they are satisfied with their earnings in the present system.

The government established the Department of Agricultural Marketing in 1962. The objectives of the Department are to study markets, both abroad and local, and to try to improve existing practices. A corporation was established in 1968 to organize the marketing of agricultural products, especially tomatoes, in foreign markets. The channels of distribution for agricultural products are considered to be inefficient.

Wholesalers in Jordan dominate the channel of distribution of imported goods. Wholesalers are providing few services and their existence is due to their financial strength in a market crowded by small and financially poor retailers. Wholesaling operations will not be improved unless new institutions are established that offer a challenge to wholesalers and try to do without their services, as happened with the American wholesaler who faced the strong chain stores.

Retailers in most cases in Jordan are small and their stores consist of one-room shops. Because of their limited capital, retailers are not able to extend full services to consumers. They carry a limited line of goods and keep a small stock; unethical practices in retailing are widespread.

The Government's role in Jordan should be expanded beyond the issuing and enforcement of laws to include the task of convincing people to adhere to these laws, and to explain to them the advantages of the new methods. A modification of the marketing system in Jordan seems to be necessary. By solving some of the problems facing marketing and suggesting some improvements in agricultural marketing and in retailing institutions, a good start could be achieved for further development. Many factors could help in solving marketing problems and in contributing to the overall social awareness of them. Among these factors are

education, training, and public awareness programs to keep people informed of problems and their solutions. All these programs could help to start new improved methods in marketing.

Several marketing problems were mentioned and their solution was suggested. These problems were: lack of managerial skills, lack of marketing research, poor standardization and grading, inefficient marketing communications, limited purchasing power, limited financial credit, and a poor physical distribution system. The solution to all these problems stems from the cooperation between government and private sectors and the coordination of their efforts.

As for agricultural marketing, it seems that many organizational problems hinder the development and the progress of cooperatives in Jordan. Established government agencies are situated in the capital and other major cities and little attention is being paid to villages. Despite the existence of some types of cooperatives in Jordan, most of these cooperatives are small and poorly managed. A suggestion is being made for the application of the Israeli type cooperative (Moshav) in Jordan. This could be applied at the village level and then connected with regional and national associations.

It is suggested that new retailing outlets be introduced in Jordan. A department store type could be

successful in big cities, especially in the capital city of Amman because of the presence of a relatively large number of persons in the upper and upper-middle classes who are expected to be the main customers in this type of store. Discount stores could also be successful in big cities where the level of education is high, but these stores would have to compete with small stores that offer services and have low expenses. Supermarkets are not expected to be successful on a large scale. The lack of cars in Jordan limits the number of customers who could shop at the supermarket to the immediate neighborhood which is not sufficient to support a big supermarket. Probably a small type superette is feasible for the time being.

Also, small shopping centers in Amman on the different mountains would be a good idea to reduce the crowded condition of the metropolitan center.

A real improvement of the marketing system in Jordan is feasible if government and private sectors are willing to cooperate. The lack of managerial skills and entrepreneurs in many cases hinder such improvement. Training programs and incentives for those who will adhere to plans laid down for the improvement of the marketing system should be encouraged.