AN INVESTIGATION OF MARKETING INTELLIGENCE AS A STRATEGY TO ENHANCE COMPETITIVENESS IN THE APPAREL INDUSTRY

THE CASE STUDY OF TWO APPAREL COMPANIES

IN POST - SOVIET GEORGIA

Thesis submitted in fulfilment of the requirements for the degree of Doctor of Philosophy

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<table>
<thead>
<tr>
<th>Abbreviation</th>
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<tbody>
<tr>
<td>AA</td>
<td>Apparel and footwear association</td>
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<tr>
<td>CA</td>
<td>Competitive Advantage</td>
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<tr>
<td>CNA</td>
<td>Conversation Analysis</td>
</tr>
<tr>
<td>CMT</td>
<td>Cut, Make &amp; Trim</td>
</tr>
<tr>
<td>CIS</td>
<td>Commonwealth of Independent States</td>
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<tr>
<td>DA</td>
<td>Discourse Analysis</td>
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<tr>
<td>EPI</td>
<td>Economic Prosperity Initiative</td>
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<tr>
<td>FC</td>
<td>Factory</td>
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<tr>
<td>FDI</td>
<td>Foreign Direct Investment</td>
</tr>
<tr>
<td>GEL</td>
<td>Georgian Lari (currency)</td>
</tr>
<tr>
<td>GNIA</td>
<td>Georgian National Investment Agency</td>
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<tr>
<td>GoG</td>
<td>Government of Georgia</td>
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<tr>
<td>HSE</td>
<td>Health, Safety &amp; Environment</td>
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<tr>
<td>IT</td>
<td>Information Technology</td>
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<tr>
<td>MI</td>
<td>Marketing Intelligence</td>
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<td>MkiS</td>
<td>Marketing Information System</td>
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<tr>
<td>MF</td>
<td>Manufacturing Flexibility</td>
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<tr>
<td>R&amp;D</td>
<td>Research &amp; Development</td>
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<tr>
<td>ROI</td>
<td>Return on Investment</td>
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<tr>
<td>SPSS</td>
<td>Statistical Package for the Social Sciences</td>
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<td>TFW</td>
<td>Tbilisi Fashion week</td>
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<tr>
<td>TOT</td>
<td>Total Asset Turnover</td>
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<td>Acronym</td>
<td>Description</td>
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<tr>
<td>USAID</td>
<td>United States Agency for International Development</td>
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<td>VETs</td>
<td>Vocational Educational Training Providers</td>
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<tr>
<td>WTO</td>
<td>World Trade Organization</td>
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Special Dedication

To the memory of my parents who encouraged and pushed me to commence the tough journey to PhD.

To the soul of my mother: Tsiala Mirtskhulava (1940-2015).

To the soul of my father: Andrew Nadareishvili (1935-2014).
DECLARATION

This work has not previously been accepted in substance for any degree and is not being concurrently submitted in candidature for any degree.

Signed  
(candidate)

Date January, 12, 2017

STATEMENT 1

This thesis is the result of my own investigations, except where otherwise stated. Where correction services have been used, the extent and nature of the correction is clearly marked in a footnote(s).

Other sources are acknowledged by footnotes giving explicit references. A bibliography is appended.

Signed  
(candidate)

Date January, 12, 2017
STATEMENT 2

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Date January, 12, 2017
ABSTRACT

Growing competition forces companies to develop models to continuously scan for information as a sole way to develop a competitive edge over rivals. In this context, the presence of an effective marketing intelligence model has turned into an imperative driver of competitiveness. The existing marketing intelligence model seems to operate effectively in developed countries. However, it fails to function effectively in developing countries such as Georgia.

Marketing intelligence, as an input to marketing information system, greatly assists in effective marketing decision making (Kotler, 2006). Association between marketing intelligence and competitiveness has been a subject of consideration among scholars (Cavusgil et al. 1993; Lewis, 2006; Lui, 2010; Beard, 2012). However, the relationship between marketing intelligence and competitiveness has not been the focus of an empirical study in the apparel industry of post-Soviet Georgia. The present research aims to fill the gap by observing the relationship between them and investigating marketing intelligence as a strategy to enhance the competitiveness of the apparel industry in post-Soviet Georgia.

The findings of this research resulted in an empirically validated model of best practice which integrates the strategic application of marketing intelligence to enhance the competitiveness of Georgia’s apparel industry. The comparative case study resulted in a model that can eliminate the existing information loss in the current model and facilitates the alteration of behaviour that will lead to improvements in industrial practice and enhanced responsiveness to global apparel market needs. The interpretivist approach enabled the researcher to look deeper into the phenomenon, which is composed of human behaviour, knowledge and attitudes. Semi-structured interview data aided in understanding the phenomenon from the participants’ viewpoint; the interviews were complemented by related reports to validate the interview data.

As a result of the study, recommendations have been made to industry members, the apparel and footwear association, and the Government. The research coincides with the Government's effort to foster the development of the apparel industry, so it can significantly influence the advancement of the industry and industrial competitive practice.
CHAPTER 1 INTRODUCTION

1.1 Introduction

The apparel industry, as a catalyst for national growth and development, is viewed as one of the first manufacturing sectors to emerge in economically developing Georgia. As it is a labour intensive sector, the Government of Georgia is interested in its enhancement, as a way to combat still dominant unemployment. However, the development of Georgia’s apparel industry is contingent on flexibility and ability to respond to changing global apparel market needs effectively (World Bank, 2012).

Georgia's apparel companies have equal access to marketing intelligence; however, as noted by Powell & Allgaier (1998), intelligence might fail to deliver value unless appropriately analysed and integrated into a decision-making process. Fleisher (2008) also argued on the value added concept of the rational application of marketing intelligence which could lead to more targeted actions in order to enhance performance. These arguments imply that the competitiveness lies in a firm's ability to strategically utilize marketing intelligence and not only in its ability to access it.

Marketing Intelligence (MI), the phrase coined by Kelley in 1961, immediately attracted much attention among scholars (Chen, 1995; Powell & Allgaier, 1998; Trim & Lee, 2007; Fleisher, 2008; Nwokah, 2012; Nasri, 2012), as a sound tool to enhance information management that provides a unique basis for effective strategic decision-making.

In light of technological developments marketing intelligence as a component of marketing information system is considered to be a great input to effective marketing decision making. (MkIS) Marketing Information System consists of four inputs provided below:
The advent of a digital marketing created a need for adopting a more sophisticated MkIS system that helps members of the marketing team make better decisions based on sound marketing research and analytical system. The combination of variables in the MkIS system enables companies to keep track of the marketing environment by obtaining and analysing valuable intelligence for faster decision making and effective response to market needs (Kotler, 2006).

Marketing intelligence has always represented a sound basis for designing a valuable strategic plan. According to Lancaster (2007), even in old times, countries won wars not due to superior military presence but due to effective intelligence processing system. The rational application and processing of intelligence have seen considerable developments due to technological advancement and turned into a valuable input for the survival and successful positioning of a company.

There is evidence of its rising importance in recent research studies. In view of Armstrong (2010) marketing intelligence is a constant collection and assessment of publicly-available information on consumers, competitors and general developments in the marketplace. This aspect has acquired great importance in the light of high tech developments where consumers became more cognizant and demanding. Assessment of marketing intelligence has turned into the basis for success especially for the customer driven apparel industry. Technological advancement has significantly facilitated the improvement of the entire apparel manufacturing processes, like providing access to intelligence, better networking and coordination among the actors of the whole apparel value chain (Carpenter, 2011). In the light of these developments
marketing intelligence, as a system for capturing relevant information for rational decision-making, has turned into an essential catalyst for enhancing the competitiveness of industry, since it provides a continuous flow of information on new technologies, markets, customers, and the economic and regulatory environment that might influence a company’s position (Nasri, 2012).

However, not all information in a database is publicly available. It requires skills for obtaining and processing the relevant piece of information. Indeed, marketing intelligence is a valuable commodity for creating knowledge and means for being proactive and advantageously positioned within the market however it hinges on the ability to process intelligence, which is missing in Georgia’s apparel industry (Presser, 2013).

Despite acknowledged benefits, the existing marketing intelligence model fails to deliver value to post-Soviet, economically developing Georgia's apparel industry, which has a potential to be a thriving fashion and clothing industry. The potential for being successful clothing hub has been identified by the international experts of the USAID (2011), since Georgia enjoys several major benefits relevant for the apparel industry. These benefits are: competitive labour force and costs, unique location by bordering Turkey, free trade agreement with Turkey and business friendly environment. However, the existing marketing intelligence model does not work in Georgia’s apparel industry due to prevailing poor marketing culture and the consequent inability to utilize marketing intelligence strategically (Bishop, 2011; Carpenter 2011).

All scholars have dealt with the benefits and the importance of marketing intelligence in the developed countries with a well-developed marketing background. The strategic use of marketing intelligence has not been a subject of exploration among scholars in relation to the apparel industry of developing countries, with a weak marketing background. The present research aims to investigate why the standard model of marketing intelligence failed to deliver value and enhance the competitiveness of the apparel industry in post-Soviet Georgia. To satisfactorily address this research topic and the research question, it was essential to examine the degree of marketing intelligence presence in Georgia's apparel industry and evaluate its application in local and Turkish factories operating in Georgia.
According to the EPI-USAID (2011) assessment report of Georgia’s apparel industry, Turkish factories operating in Georgia perform much better than local factories. This report provided the basis for a comparative case study that looked at the effectiveness of marketing intelligence model in Georgian and Turkish factories operating in Georgia. The researcher evaluated primary data obtained from ten semi-structured face-to-face, individual interviews. The interviews were conducted with the managers/ deputy managers and the line managers of two preselected factories - one Georgian-owned and one local Turkish-owned, with the apparel and footwear association of Georgia, the Government representatives of Georgia and Tbilisi fashion week. The research process has revealed a need for more interviews therefore in addition to official 10 interviews the researcher conducted forty - seven unofficial interviews with the followings: three other factories in Batumi, one factory in Kutaisi, seven factories in Tbilisi, former leader and deputy leader of the USAID project – EPI Georgia, two international experts of USAID, representatives of the vocational educational centre, three other Government representatives, two other members of Tbilisi Fashion week, two other members of the association and three Georgian fashion designers. The interviews were conducted with different groups such as: apparel factories, the Government of Georgia, apparel & footwear association, Tbilisi fashion week, experts from the USAID project and Georgian fashion designers.

Due to researcher’s involvement in the apparel sector development, access to all interviewees was ensured. In selecting the sample, the researcher followed non-probabilistic sampling. The selection of one Turkish owned factory was purposeful among the existing four Turkish factories operating in Georgia, which according to the USAID apparel sector assessment (2011), represents one of the biggest and the most successful Turkish owned factories where most of the international brands outsource. On the other hand, the selection of Georgian factory from the existing 10 factories was based on the following criteria: flexibility, innovative character, and size.

The comparison of these factories aided in identifying the major challenges and designing a new model of practice that can be used by Georgian apparel manufacturers. Due to researcher's high involvement in the apparel sector, access to potential interviewees was ensured prior to commencement of the research.
| Interviewees (Official 10 Interviews) | • Factory manager 002 - 2 interviews.  
|                                     | • Factory deputy manager 001 - 2 interviews.  
|                                     | • Factory deputy manager 002 - 2 interviews.  
|                                     | • Line manager 001 - 1 interview.  
|                                     | • Apparel and footwear association of Georgia 1 interview.  
|                                     | • GNIA (Georgian National Investment Agency. Government of Georgia) - 1 interview.  
|                                     | • Tbilisi Fashion Week - 1 interview.  
| Unofficial (47) interviews with the apparel industry representatives, USAID project representatives and Georgian fashion designers. | • 3 Government representatives – 3 interviews  
|                                     | • One factory (Kutaisi) - 3 interviews.  
|                                     | • Seven factories (Tbilisi) 14 interviews.  
|                                     | • Three other factories (Batumi) - 6 interviews.  
|                                     | • Three Georgian designers - 3 interviews  
|                                     | • USAID ex-leader of manufacturing department - 3 interviews.  
|                                     | • USAID ex-deputy leader of manufacturing department - 5 interviews.  
|                                     | • Tbilisi Fashion week (two other members) - 2 interviews.  
|                                     | • Apparel & Footwear Association – 2 interviews  
|                                     | • Two International experts of USAID - 4 interviews  

The interviews were conducted with different groups such as: other apparel factories in Batumi, Kutaisi and Tbilisi, the Government of Georgia, apparel & footwear association of Georgia, Tbilisi fashion week, experts from the USAID project and Georgian fashion designers.

The present research covered three years’ data from 2011 to 2013. This is the period when the researcher became involved in the first Government of Georgia (GoG) initiative to prepare grounds for the more competitive apparel industry. During this period the USAID project was launched with the apparel industry identified as one of the focal areas of concern. Hence, the researcher was engaged in the preparation of assessment reports and studies of the industry with the international apparel industry experts.

Due to the interpretivist philosophy chosen for the present research qualitative data was collected to address the research question. However, descriptive quantitative data was also collected. Through analysis of collected data, the researcher identified the weaknesses in the functioning of the existing model and obtained a conceptual understanding of the phenomenon, revealing a flawed functioning of the existing marketing intelligence model in post-Soviet Georgian apparel industry. The primary qualitative data collected was subject to thematic analysis, as one of the most applied methods for analysing qualitative data. By analysing the obtained data and reference to the developed conceptual framework, the researcher created six themes that helped to go deeper into the sources of the problems in the existing marketing intelligence model. The quantitative data obtained was analysed through ratio analysis. It aided in evaluating the operating and financial performance for the factories, such as their efficiency and profitability. Ratios were applied to compare Georgian factory’s performance with the Turkish factory.

1.2 Research background

Ahmad (2010) noted that the environment in which companies had to perform was frequently characterized by constantly unpredictable change. The importance of analysing the external
environment arises from the crucial role it has on the competitiveness, growth and profitability of a company. In that regard, scholars (Meunier-FitzHugh & Piercy 2006; Nasri, 2012; Mikulski & Mikulski, 2012) argued that marketing intelligence, as a system for capturing information from the external environment, greatly facilitates rational decision-making process and the consequent enhancement of competitiveness of a company.

Competitiveness in the economic climate of the 21st century requires tools for improved understanding of the changing competitive environment. Companies usually have access to marketing intelligence; however, competitiveness lies not only in the presence of intelligence but in a timely identification of relevant part that can be used for building data platform and ensuring adequate response. “Successful use of competitive marketing intelligence often requires information technology in the form of competitive intelligence tools to aid the marketing manager in filtering and sifting through the volumes of available information” (Chen, 1995 cited in Heinrichs & Lim, 2008, p. 62).

A story by academic researcher Lui (2010) emphasizes that the future competitiveness of manufacturing operations, in a dynamic and extremely complex business environment, hinge on forward-thinking strategies based on sound intelligence. The global manufacturing industry has witnessed a remarkable modification as a result of high-technological developments. Therefore, future of the apparel industry is contingent on efficient strategies with a strong foundation of relevant marketing intelligence.

Despite recognized benefits, the existing marketing intelligence model fails to deliver value in Georgia's apparel industry, partly due to prevailing poor marketing culture and the resultant inability to utilize marketing intelligence strategically. Georgian apparel companies have access to intelligence; however, due to the absence of a marketing team, factories fail to timely identify a relevant piece of information and disseminate it effectively, which itself requires adequate analysis and integration into a decision-making process (Powell & Allgaier, 1998).

The strategic application of marketing intelligence has never been the topic of investigation among scholars in relation to apparel industry of developing countries. The present research aims to explore why the standard model of marketing intelligence failed to deliver value in Georgia's apparel industry. Through collaboration and a closer look at Georgian and Turkish factories
operating in Georgia, the researcher was able to identify major weaknesses inherent within the existing marketing intelligence model. The research resulted in developing a new model of marketing intelligence practice that would be efficient for developing countries. Developing countries such as Georgia, trying to become a part of the global apparel value chain, need to reconsider capabilities and introduce relevant changes at all stages of the production process in order to compete effectively (Cattaneo et al. 2010).

The researcher has been collaborating with Georgian apparel factories, Turkish factories operating in Georgia, the Government of Georgia and the apparel and footwear association of Georgia from 2010 to 2014 through the USAID project. The project was funded by the US Government in support of Georgia's apparel industry development, which remains a high priority sector for the Government of Georgia because it is a large employer. In the absence of the apparel industry experts in Georgia, the researcher had the opportunity to work with the international apparel industry experts and acquire adequate experience. Therefore, the gained knowledge of the industry, access to information and already established trust and good relationship with local apparel industry representatives, greatly aided the research process.

The USAID project made an assessment of Georgia’s apparel industry in 2011 highlighting several weaknesses. Among the identified weaknesses were several factors considered in the present research such as: the weak marketing culture and the shortage of required skills. Therefore, this study can be considered as an extension and further exploration of work already undertaken which has not signified the importance of post-Soviet developing environment and still dominant post-Soviet mindset.

The present research looked at three years’ data from 2011-2013. The findings of the research have provided valuable input to propose a new model of practice, focusing on an improved understanding of the marketing intelligence theory and the impact of its rational application to the competitiveness of post-Soviet Georgia’s apparel industry. The new model considers marketing intelligence as a key strategic tool to foster the performance and competitiveness of Georgia’s apparel industry.
1.3 The importance of the research

Mounting competition and globalization pose the urgent need for quick response and competitiveness of business processes, products and services, which calls for accurate understanding of market requirements. As noted by Igbaekemen (2014), the marketing environment is changing at an accelerating rate, therefore need for precise intelligence has never been more critical. The shifts are dramatic, from local to global marketing, from buyers' needs to buyers’ wants, from price to non-price competition. In this realm, companies face pressure for much better environmental scanning for effective strategic decisions aimed at enhancing competitiveness and strong positioning.

The volume of data generated daily in organizations requires the application of tools capable of creating knowledge from stored data in order to use it proactively. Proactive action has turned into an essential element, achieved by having constantly updated information on market developments, which is subject to immediate processing in order to provide the platform for increased competitiveness (Guarda et al. 2012). Today, competing companies use intelligence to better interpret what is happening in the global market to develop new and more effective forms of data analysis and interpretation.

Trainor et al. (2013) highlight the importance of strong marketing intelligence that helps companies increase awareness on relevant markets and accurately utilize market knowledge that serves as an important enabler of a company's new product development capability. The local apparel industry representatives in Georgia lack the basic understanding of the value of marketing intelligence and its rational application in the light of a growing and competitive global apparel industry. Improved understanding of the value linked to marketing intelligence and market orientation can facilitate the development of Georgia's once thriving apparel sector and make it into a major garment producing destination (GNIA, 2011).

The apparel industry is one of the oldest industries in Georgia. Despite its inherent strengths, including the unique location by bordering Turkey which reduces the transportation time and provides low-cost labour and favourable business conditions that are relevant inputs for the apparel, it suffers from a significant competitiveness gap. The competitiveness gap refers to a low level of competitiveness and inability of the industry to compete with other low-cost
countries despite the available input (GNIA, 2011). Georgia's apparel industry assessment by the EPI-USAID (2011) identified several key inputs to the competitiveness gap such as: the poor presence of marketing culture, low efficiency of workers and the consequent low responsiveness to global market requirements. The researcher has examined these and other factors in the context of post-Soviet Georgia’s apparel industry. Therefore, this study can be viewed as an extension and further exploration of work already undertaken by others, which has not signified the importance of post-Soviet developing environment and still dominant post-Soviet mindset.

The reason for selecting this sector was deliberate. In the light of still dominant high unemployment level, the development of labour-intensive industry is of high importance to the Government of Georgia. The research coincides with the Government's effort to advance the growth of the apparel industry therefore it can significantly influence the development of the industry. The Government of Georgia, the Ministry of Economy of Georgia and Georgia's apparel and footwear association are all interested with the research findings, which would have a significant impact on manufacturing practice.

The research aimed to develop a new model of practice integrating the rational application of marketing intelligence into a strategic decision-making process to enhance the competitiveness of post-Soviet Georgia's apparel industry. The resultant model of practice can aid Georgia's apparel industry in creating awareness on the value of marketing intelligence and its rational application. Such an approach can aid the industry representatives to become cognizant of the global market requirements and hence, design a strategy to fit the changing global apparel industry.

The research focused on the existing standard marketing intelligence model, which contains flaws and remains ineffective in post-Soviet Georgia's apparel industry. The existing flawed model has not been a subject of criticism and evaluation among scholars in relation to the apparel industry. Therefore, the present research has contributed to closing the research gap by seeking to understand the limitations of the model that still prevent the delivery of value in post-Soviet Georgia's apparel industry. The value of the rational application of marketing intelligence is generally reflected in efficient networking and the higher responsiveness to changing market
needs, as well as in more insightful market-based actions that lead to competitiveness (Fleisher, 2008; Öztürk et al. 2012).

In addition, the developed model is characterized by a high level of applicability. Applicability refers to a degree to which the findings can be applied to different contexts and groups. It is an ability to generalize from the findings to a larger population, by using the strategy of transferability (Klopper, 2008). The present research can be regarded as having a high degree of applicability. It can be applied by other factories and manufacturing industries within post-Soviet Georgia, which is still suffering from the low level of competitiveness which in the context of tough competition leads to failure. However, application of the delivered model in other factories and other industries can be appropriate only with the consideration of particular nature of each factory and industry. By considering general weak marketing background and consequent poor application of marketing tools, the research results can be used and generalized to a larger population in view of characterising features of each industry and following a tailored approach.

The research delivered a set of propositions underlying the value of the rational application of marketing intelligence in post-Soviet Georgia’s apparel industry. Most importantly the research delivered the model of best practice which integrates the strategic application of marketing intelligence with strategic decisions to enhance the competitiveness of post-Soviet Georgia's apparel industry. If implemented, the new marketing intelligence model can serve as a strategy to enhance the competitiveness of the industry and increase its responsiveness to global apparel market needs. The findings of the research can have a significant impact on the Government policy and general industrial practice.

The key constructs were framed into a cohesive framework and a set of propositions were developed highlighting the importance of a rational application of marketing intelligence in post-Soviet Georgia's developing apparel industry. Finally, the researcher provided suggestions for further research in this emerging area of interest. There is a room for a wide array of academic research projects into many other processes related to the development of a successful marketing intelligence model for developing countries.
1.4 Aims and objectives of the research

The aim of the research is to investigate why the standard marketing intelligence model failed to deliver value to post-Soviet Georgia’s apparel industry. This was achieved through a comparative case study of preselected two factories - one Georgian and one Turkish owned factory, operating in Georgia. In selecting the sample, the researcher followed non-probabilistic sampling. The selection of one Turkish owned factory was based on its relatively big size, flexibility of operations and positioning in the global apparel market, as one of the attractive destinations for outsourcing since most of the international brands outsource their production process to this factory. The selection of the Georgian factory from the existing 10 factories was based on the following criteria: flexibility, relatively big size and innovative character (EPI-USAID, 2011). In order to investigate the faults of the existing marketing intelligence model in Georgia’s apparel industry the following objectives were identified:

1. To critically review the literature on the concept of marketing intelligence and evaluate its effect on the competitiveness of organizations.

2. To determine the degree of marketing intelligence presence within preselected two factories - one Georgian and one Turkish operating in Georgia. (Individual, semi-structured interview)

3. To analyse the application of marketing intelligence within Georgia's apparel industry, why the standard model fails to deliver value. This was achieved through comparison of pre-selected two factories – one Georgian and one Turkish, operating in Georgia. (Individual, semi-structured interview)

4. To compare the effectiveness of marketing intelligence application between preselected two factories – one Georgian and one Turkish, operating in Georgia where most of the international brands outsource the production process. (Individual, semi-structured interview which was complemented by related reports)

5. To develop an empirically-validated model of practice which integrates the strategic application of marketing intelligence with strategic decisions to enhance the competitiveness of post-Soviet Georgia’s apparel industry.
The relationship between marketing intelligence and competitiveness was embedded within the relevant literature; therefore the first objective was addressed through the critical review of related literature. This helped to develop better insights on the benefits of marketing intelligence in order to evaluate its impact on the competitiveness of Georgia's apparel industry.

Second, the third and fourth objectives were addressed through the in-depth assessment of primary data obtained from 10 official, individual semi-structured interviews with the managers, deputy managers and line managers of preselected two participant factories, as well as with the Government of Georgia, apparel & footwear association and Tbilisi fashion week. For a richer story the research process has revealed a need for more interviews therefore in addition to official 10 interviews the researcher conducted forty – seven unofficial interviews with the followings: three other factories in Batumi, one factory in Kutaisi, seven factories in Tbilisi, former leader and deputy leader of the USAID project – EPI Georgia, two international experts of USAID, representatives of the vocational educational centre, three other Government representatives, two other members of Tbilisi Fashion week, two other members of the association and three Georgian fashion designers. The interviews were conducted with different groups such as: apparel factories, the Government of Georgia, apparel & footwear association, Tbilisi fashion week, experts from the USAID project and Georgian fashion designers.

Data collection tools for second, third and fourth objectives were individual semi-structured interviews, which gave the researcher flexibility to obtain the deeper understanding of the inherent problem. According to Cohen & Crabtree (2006), semi-structured interviews enable researchers to be prepared ahead of time and appear more competent during the interview. In addition, it allows informants the freedom to articulate their views in their own terms. In addition, interviews were complemented by related reports to triangulate and validate them. Obtained data and adequate evaluation served as inputs to address the fifth and final objective.

In selecting the sample, the researcher followed non-probabilistic sampling. The sample chosen for the present research were two factories. The selection of factories – one Georgian and one Turkish - was based on their size, flexibility and innovative character. The initial focus of the researcher was on the whole population comprising ten Georgian and four Turkish factories operating in Georgia. However, based on the recommendation of the panel during the transfer
interview, the researcher has changed the direction of the thesis as a comparative case study, which triggered the need to minimize the number of participant factories. Consequently, the researcher has looked at preselected one Georgian and one Turkish factory operating in Georgia. The selection criteria for both factories were: size, flexibility and innovative character.

Apparel sector assessment, made by the industry experts from the USAID project (Bishop, 2011 & Carpenter, 2011) revealed that marketing culture and production efficiency levels are higher in Turkish factories operating in Georgia compared to Georgian factories. Turkish factories, despite being staffed by Georgian employees, respond better to global apparel market needs, reflected in the stronger positioning and higher returns. These findings suggest that marketing intelligence in Turkish factories is more effective. Intelligence, coming from the competitive landscape, reaches the destination with minimal loss, enabling companies to respond to global market needs more effectively. In contrast, local factories in Georgia have access to the same marketing intelligence but fail to deliver value, which creates a competitiveness gap and constricts ability to respond to changing global apparel market needs.

Comparison of marketing intelligence application between Georgian and Turkish factories operating in Georgia greatly helped the researcher to identify the degree of marketing intelligence and the effectiveness of its application, with the focus on the consequent impact. The present research looked at three years data from 2011 to 2013. The implication of the present research is based on the proposition that with the rational application of marketing intelligence competitive environment is better considered and practically understood that increases the level of competitiveness.

Finally, a new model of practice is developed emphasising the rational application of marketing intelligence as a strategy to enhance the competitiveness of post-Soviet Georgia’s apparel industry. This has been done by identifying the elements of best practice among the successful international companies that can be incorporated within the apparel industry.
1.5 Research problem & research question

The rapid advancement of technology drives changes in all industries, triggering a need for modification and design of enhanced business models and tools. In the light of progressive developments, data mining analysis has turned into a major tool for identifying new markets, business strategies and new operating models that generate and enhance growth and profitability (Rihter & Halle, 2015).

Traditional marketing decision-makers found the established marketing intelligence model effective in support of strategic decision-making (Trim & Lee, 2007). Even in the late 1920s, Bell (1996) recognized the absence of adequate marketing intelligence model as a cause for the lack of strategic planning and contingency-based decisions. However, regardless of the recognized benefits of marketing intelligence, the existing model fails to operate effectively in post-Soviet Georgia's apparel industry, which leads to a competitiveness gap (EPI-USAID, 2011). No empirical research has been undertaken so far on how the model operates in developing countries such as Georgia, therefore the present research has addressed the void in the literature.

Local apparel factories in Georgia have equal access to intelligence. However, because of poor applicability of the existing marketing intelligence model, it can be highlighted that obtained intelligence fails to deliver associated value and benefits. This is because of the shortage of skills capable of identifying, processing, disseminating and integrating intelligence into a decision-making process. Among the multiple reasons for the relevance of the existing marketing intelligence model, Kumar et al. (2010) viewed managers' inability to see the actual benefit of the proper utilization of marketing intelligence as a major barrier for value delivery. Consequently, to reiterate the above-noted idea articulated by Powell & Allgaier (1998) that the achievement of higher competitiveness is more contingent on an effective application of marketing intelligence rather than on simply access.

As explained above, there is a general consensus among scholars regarding the importance of an effective marketing intelligence system that aids in obtaining, processing and applying adequate intelligence rationally to enhance competitiveness (Kumar et al. 2010; Mochtar & Arditi, 2001; Öztürk et al. 2012; Negi et al. 2014). In addition, a study by Lewis (2006) highlighted the
benefits of marketing intelligence in the pharmaceutical industry in the UK. Flesher (2008) studied the positive influence of marketing intelligence in general business in Canada. A study by Nasri (2012) also underlined the value of marketing intelligence in the retail industry in Tunisia. Despite the recognized benefits of marketing intelligence evident in different countries and different industries, the existing marketing intelligence model seems to provide poor evidence of delivering value in post-Soviet Georgia’s apparel industry. Consequently, this creates a significant competitiveness gap within the industry (EPI-USAID, 2011). Hence, the research question derived from the extant research is:

Why does the existing marketing intelligence model fail to deliver value to post-Soviet developing Georgia’s apparel industry?

The existing marketing intelligence model has flaws. The existing practice results in the poor collection, assessment and dissemination of relevant intelligence that trigger low, or in some cases, even total absence of responsiveness to global apparel market needs. At some point of dissemination, information-loss seems to be evident, stripping the model of its value. Amongst many reasons, the partial justification for the malfunctioning of the existing marketing intelligence model can be the poor understanding of minimum relevant data input and its rational application, which can turn the model into a valuable tool, capable of delivering value to the apparel industry of developing Georgia.

The present comparative case study sought to investigate marketing intelligence as a strategy to enhance the competitiveness in the apparel industry of Georgia. It was an attempt to understand the strategic application of marketing intelligence, which has not been a subject of exploration among scholars in relation to apparel industry in post-Soviet Georgia. This has been accomplished through the continuous comparison of preselected Georgian and Turkish factories operating in Georgia, which according to the USAID assessment are the most flexible and sizable factories. As outlined above, the selection criteria for the local case factory were: flexibility, innovation and size.

The present research proposes a new model of practice that explains tactical utilization and integration of marketing intelligence into a decision-making process that leads to a higher level of competitiveness. The proposed model of practice focuses on an improved understanding of
marketing intelligence theory and the impact of its rational application on the competitiveness of post-Soviet Georgia's developing apparel industry. The model deems marketing intelligence as a key strategic tool to foster performance and competitiveness of Georgia's apparel industry. It can be achieved by eliminating information gap in the existing model of marketing intelligence and altering behaviour that can lead to significant improvements in the sector and enable practitioners to effectively respond to global apparel industry needs.

Table 0:2 Relation between research aim, objectives, questions, methods and statistic/analytical tools

<table>
<thead>
<tr>
<th>Aim</th>
<th>Objectives</th>
<th>Research questions</th>
<th>Hypothesis</th>
<th>Data collection tools</th>
<th>Statistic/Analytical tools</th>
</tr>
</thead>
<tbody>
<tr>
<td>To investigate why the standard marketing intelligence model fails to deliver value to post-Soviet Georgia’s developing apparel industry.</td>
<td>1 - To critically review the literature on the concept of marketing intelligence and evaluate its effect on the competitiveness of organizations.</td>
<td>N/A</td>
<td>Semi-structured interviews</td>
<td>Thematic analysis</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2 - To determine the degree of marketing intelligence presence within preselected two factories - one Georgian and one Turkish operating in Georgia.</td>
<td></td>
<td></td>
<td>Thematic analysis</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3 - To analyse the application of marketing intelligence within Georgia's apparel industry, why the standard model fails to deliver value. This was achieved through comparison of preselected two factories – one Georgian and one Turkish, operating in Georgia.</td>
<td></td>
<td></td>
<td>Thematic analysis</td>
<td></td>
</tr>
<tr>
<td></td>
<td>4 - To compare the effectiveness of marketing intelligence application between preselected two factories – one Georgian and one Turkish, operating in Georgia where most of the international brands outsource the production process.</td>
<td>Why does the existing marketing intelligence model fail to deliver value to post-Soviet Georgia’s developing apparel industry?</td>
<td></td>
<td>Thematic analysis</td>
<td></td>
</tr>
<tr>
<td></td>
<td>5 - To develop an empirically-validated model of practice which integrates the strategic application of marketing intelligence with strategic</td>
<td></td>
<td></td>
<td>Some quantitative data was analysed through ration analysis.</td>
<td></td>
</tr>
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</table>
1.6 Limitation of the research

The research has limitations arising from the research design and the actual process of research. The results are largely dependent on the accuracy of information, obtained from the participant factories. The selected factories operate in Georgia where the apparel market is small but competitive. For that reason, participants displayed the reluctance to fully reveal details characterising their weaknesses. However, his tends to be the attitude of organizations towards disclosing the internal processes to researchers, even when the researcher fairly pursues only scholarly aims.

In addition, verification of obtained data was difficult despite close links with the factories. The researcher from the very onset agreed with the participants to create a stress-free environment where the disclosure level would be determined by the interviewees. Overall, the already established good relationship with the participants through four years of joint working jointly in the USAID project facilitated effective collaboration. On the other hand, the participants' genuine interest for enhancing the apparel industry development in Georgia provided significant assistance to the whole research process.

Another limitation was the fact that under the Georgian law private companies are not required to disclose detailed information on their financial condition, operating results, compensation etc. Only banks are subject to full financial statement disclosure in Georgia. Consequently, the factories enjoyed wide autonomy in choosing what type of information to make accessible to the public. Such environment generally puts limitations on acquiring detailed financial information on the participant factories. However, the researcher’s good relationship with the factories helped to obtain minimum financial information to assess profitability and efficiency. In obtaining financial information, all requirements from the interviewers were considered in terms of disclosing the obtained data.
1.7 Brief description of methodology

Due to particular nature of the research question which emphasized understanding the participants' views on the importance of marketing intelligence and its rational application, the use of qualitative method aided to better address the issue. Therefore, the research design selected for the present research is qualitative. In addressing the research question, the researcher considered interpretivist philosophy which added clarification to the research problem (Baxter & Jack, 2002). For a more comprehensive understanding of the issue, the researcher chose qualitative case study strategy of inquiry.

The interviews were conducted with the managers/deputy managers and the line managers of two preselected factories - one Georgian-owned and one local Turkish-owned, with the apparel and footwear association of Georgia, the Government representatives of Georgia and Tbilisi fashion week. For a richer story the research process has revealed a need for more interviews therefore in addition to official 10 interviews the researcher conducted forty - seven unofficial interviews with the followings: three other factories in Batumi, one factory in Kutaisi, seven factories in Tbilisi, former leader and deputy leader of the USAID project – EPI Georgia, two international experts of USAID, representatives of the vocational educational centre, three other Government representatives, two other members of Tbilisi Fashion week, two other members of the association and three Georgian fashion designers. The interviews were conducted with different groups such as: apparel factories, the Government of Georgia, apparel & footwear association, Tbilisi fashion week, experts from the USAID project and Georgian fashion designers.

Obtained data and developed conceptual framework enabled the researcher to develop six major themes that addressed the research question and research problem.

The secondary sources of information were as follows: apparel industry experts’ reports prepared by the donor organizations such as the USAID and the World Bank, Georgia’s Government reports and other material ensured by the school via internet or school campus.
1.8 Key assumptions

The research rests on the assumption that a strong presence of marketing intelligence and its rational application can enhance the competitiveness of the apparel industry in developing countries. The proposition is that local apparel factories in Georgia face a unique opportunity of increasing the competitiveness of Georgia's apparel industry, once the degree of marketing intelligence presence is improved and integrated into strategic decision making. The presence and rational application of marketing intelligence can provide Georgia's apparel factories relevant information, contributing better responsiveness, flexibility and innovation.

1.9 Outline of the dissertation

The research aimed to investigate the existing flawed marketing intelligence model which failed to deliver value in post-Soviet Georgia's developing apparel industry. The thesis starts with the abstraction followed by the first chapter which is organized in the following way. It consists of nine sub-sections comprising introduction, research background, research problem, aims and objective of the research, the importance of the research, a brief description of methodology, key assumptions, an outline of the chapters, the definition of terms and conclusion. The second chapter of the thesis is the literature review comprising the following sub-sections: introduction, the importance of marketing intelligence, marketing intelligence and the competitive environment and associated hindering factors in Georgia, marketing intelligence and the global apparel manufacturing, post-Soviet Georgia's developing apparel industry and global apparel manufacturing industry, the impact of technological developments on the global apparel industry, competitive environment and the sources of competitive advantage in the apparel manufacturing industry, competitive priorities in the apparel manufacturing industry, competitive dynamics, dynamic capabilities and manufacturing flexibility - as sources of competitive advantage in the apparel manufacturing industry, competitive capabilities in the apparel manufacturing industry and finally conclusion. The third chapter is the research methodology consisting of the following sub-sections: introduction, methodology, research paradigm and justification for the paradigm and methodology, ethical consideration and conclusion. The fourth chapter – conceptual framework comprises of two sub-sections: introduction and conceptual
framework. The fifth chapter presents the results of the research question and consists of 13 sub-sections: introduction, identification of six themes: information flow -communication, marketing culture, internal structure, skills, attitude and profitability, the results of activities undertaken by the USAID - EPI Georgia in term of sales figures, the reason for Turkish presence in Georgia’s apparel industry, other challenges identified by the participants that deter the effective functioning of the existing marketing intelligence model, summary of challenge identified by all respondents and conclusion. The sixth chapter provides insight and discussions in relation to findings presented in the previous chapter. It consists of 11 sub-sections and covers assumed six factors that are detrimental to the functioning of the existing marketing intelligence model. The seventh chapter offers conclusions and recommendations. It consists of introduction, how the objectives have been met, key recommendations for: factories, the apparel and footwear association of Georgia, the Government of Georgia, the vocational educational training providers – VETs, research limitations, research contribution: methodological contribution, contribution to knowledge, contribution to practice, conclusion, proposed model, suggestions for further research and overall outline of the thesis.

1.10 Conclusion

The chapter comprised 10 sub-sections. It started with the introduction, highlighting the value of marketing intelligence. The key focus of this chapter was the importance of marketing intelligence as a way of enhancing the competitiveness of any industry by being responsive and proactive. The chapter also highlighted how the significance of marketing intelligence had increased with rising competition and influx of big data. This was followed by the research background. As revealed in this sub-section, the global manufacturing industry had witnessed dramatic modification as a result of technological advancement. Such background imposed the need for competing companies to be rapidly adaptable to new more sophisticated global apparel market requirements. This sub-section focused on the fact that in the light of the global apparel industry developments, where most of the brands are looking for a new partnership with the low-cost countries for outsourcing contracts, Georgia has a potential to turn into a manufacturing hub. The following section focused on the importance of the research. The next sub-section highlighted the aims and objectives of the present research, followed by the research problem
and the research question: “Why has the existing marketing intelligence model failed to deliver value to post-Soviet Georgia’s apparel industry?”.

The sixth sub-section highlighted the limitations of the research, which is often associated with the openness of participants and willingness to share accurate information on the research topic. This was followed by a brief account of the methodology applied to address the research question. The subsequent sub-section highlighted the key assumptions of the thesis, followed by the general outline of chapters. And finally, the chapter ended with the conclusion.
CHAPTER 2 LITERATURE REVIEW

2.1 Introduction

The present chapter starts with a thorough review of the literature on the value of marketing intelligence and the impact of its rational application on raising the competitiveness of industry. The focal area of investigation was the emerging apparel industry of post-Soviet Georgia and the existing flawed marketing intelligence model that still deters the development of the sector due to multiple hindering factors. It highlights the theoretical gap regarding the functioning of the model in developing countries with a weak marketing background.

The chapter also elaborates on the nature of the changing environment and the way it affects Georgia’s apparel industry by making it more vulnerable to rapid advancement. Another significant factor affecting not only Georgia but businesses globally is the rapid technological advancement which has completely shifted the global apparel industry to a more sophisticated level. Therefore, one of the aspects considered within the present chapter is the impact of technological developments on the global apparel industry and particularly, its impact on Georgia’s apparel industry which is suffering from the scarcity of required technical skills.

Another relevant area of concern within the present chapter is the sources of competitive advantage in the apparel manufacturing industry. Among many potential sources of competitive advantage, consideration is given to competitive dynamics, dynamic capabilities and manufacturing flexibility. However, the chapter highlights the research gap in understanding the potential sources of competitive advantage for developing countries such as Georgia.

2.2 The concept of marketing intelligence

Marketing Intelligence, as a valuable input for becoming responsive to market needs, has received significant attention among scholars. Rensburg (2014 p.2) describes marketing intelligence “as an interacting structure of people, equipment and procedures that, in combination, gather, sort, analyse and distribute pertinent, timely and accurate information for
use by marketing decision makers to improve their marketing planning, implementation and control”. Marketing intelligence represents one of the significant variables that complement the marketing information system, which according to Bhasin, (2016, p. 1) is viewed as a set of “procedures and methods designed to generate, analyze, disseminate, and store anticipated marketing decision information on a regular, continuous basis”.

In the light of the abundance of intelligence, the importance of marketing information system with all its inputs has seen a dramatic increase. As described by Christe et al (2009), the wealth of information triggered the need for skills to obtain and process a relevant piece of intelligence. In the common culture "to know" implies the ability to recall when appropriate. In the scientific culture the focus on "knowing" has shifted away from storage of information to its actual processing and application. Such environment has created challenges for the countries like Georgia with scarce ability to obtain, process and use intelligence rationally.

Technological advancement paved way for the abundance of information. Vriens and Brazell (2013) refer to the abundance of data and analytical insights as "data tsunami", which can be valuable for companies in the developed countries. However, for developing countries, a big challenge remains the skills and capability of companies to convert data into competitive advantage and interpret information for a particular business.

Okumuş & Mutlu (2012) describe that in the light of the growing competition, managers face an urgent need for having updated intelligence for an effective strategic decision making. In that regard, marketing intelligence system provides relevant marketing intelligence for effective decision making. Manojlovic (2014) also argues that intelligence analysis with its planned monitoring, scanning and using several methods for collecting and analysing information, is necessary not only for functioning but also for preventing challenges, risks and threats. A more recent study by Ade et al (2017) highlights that in the current wave of the changes in the business world companies are confronted with unpredictable environmental changes, which are so fast that constant readiness is of high importance. At this background, marketing intelligence serves as a key input, since the quality of the marketing information affects the effectiveness of decision making in all industries and each industry has to devise means of survival and competition (Ade et al, 2017).
Despite the common support among scholars for the value of effective marketing intelligence model, the existing concept of marketing intelligence seems to be in need of adjustment for developing countries. There is a theoretical gap on how the standard MI model can be valuable for developing countries such as Georgia. Arguably, no studies have examined the input for an effective marketing intelligence model in the Georgia’s apparel industry.

The existing marketing intelligence model reveals signs of poor functioning in post-Soviet Georgia's apparel industry. The practitioners seem to fail to extract the relevant piece of intelligence and remain less keen on processing it for rational decision-making which results in failure to respond effectively to global apparel market needs. This is attributed to developing marketing background and the absence of skills to obtain and process intelligence. Hence the standard marketing intelligence model loses value in developing countries with a weak marketing background.

The importance of marketing intelligence has grown in the 21st century. Negi et al. (2014, p.16) describe marketing intelligence system as "the ability to fully comprehend, analyse and assess the external environment related to a company's customers, competitors, markets and industry to enhance the tactical and strategic decision-making process". In the light of the competitive environment, the presence of an adequate marketing intelligence model has turned into a must. However, the available literature creates a gap in terms of providing recommendation how the standard marketing intelligence model can be operated in developing countries with a poor marketing background.

Park (2017) argues that developing technology and consumerism have greatly contributed to a growing need for marketing intelligence. The presence of greater amount of data created new opportunities for companies. In scholar’s view marketing research has seen development with a digitally-focused consumer base in combination with new technological tools for data management. Hence, the new focus of marketing research is made more on in-depth assessment of market needs to cater customers’ requirements. Such environment facilitates to risk reduction, higher profitability and more customized decisions. Hanna (2013) also supports the idea that the changing competitive environment left no room for standardization. Therefore, the key features that all ambitious companies must have are the following: flexibility, openness to changes and
innovation, the constant search for an accurate information, creativity, effective networking and ability to respond to changing environment through integrating marketing intelligence into everyday business activities. Such approach enhances value delivery to customers. However, available literature creates a gap in terms of identifying the terms - standardization and stepping out of the standardization - for developing countries such as Georgia. Such phrases remain ambiguous in need of more clarification and prioritization.

FAO (2017) refers to a marketing intelligence system as a set of procedures and data sources that must be used rationally by marketing executives to filter information from economic and business environment in a way to integrate it into a decision-making process and thus facilitate successful growth. The rapid advancement of technology has enabled companies to deliver a better value to market by having a better understanding of market requirements. The global apparel industry development has seen significant advancement as a result of technological developments. As described by Chen et al (2017) apparel production networks seem to be geographically complex, including a number of different activities such as: design, materials sourcing, manufacturing, distribution and retailing, with numerous business partners. In that regard, effective collaboration with buyers and customers is of high importance.

Today, advanced technology enables companies to remain close to customers to ensure effective networking and the presence of updated intelligence on the new market requirements. In that regard, the importance of CRM has seen a dramatic increase. However, the notion of CRM is appropriate for the countries with a developed technological background. Again, there is a theoretical gap in terms of ensuring the effective CRM system in developing countries with a poor technological background. Hence, its successful application faces problems in Georgia’s apparel industry.

Bogdan (2015) argues that “intelligence systems are bolstered commonly by cutting edge data get-together and investigation innovation. These frameworks convey particular sorts of data that are vital deliberately to every organization in its own particular connection”. Modern platforms enable companies to process and analyze a massive amount of data in order to predict, perform and disseminate intelligence within a company. However, such platforms have not been yet determined for Georgia’s apparel industry.
According to Sasu & Ichhim (2017), in the light of a competitive, challenging environment both individuals and companies need to adapt to the ongoing changes, since the ever-changing technology has placed a mark on their daily activities. Such environment urges companies to obtain information from all sources in order to be constantly updated.

In the competitive environment, the value added concept of marketing intelligence has implication in its rational application in order to meet market requirements. It becomes difficult for companies to live up to expectations of consumers. To bridge the gap, companies need the ability to combine and assess available intelligence. “When marketing and advertising tactics are analysed in combination with customer and prospect attributes, marketers gain the actionable intelligence they need for revenue, brand enhancement and other desired business outcomes” (Business wire, 2017 p.1). However, among the scholars there is lack the comprehensive definition of value added concept of marketing intelligence in relation to developing countries such as Georgia where the extraction, processing and application of actionable intelligence represent a problem.

The value creation and customer value are less argued subjects in developing countries due to a weak marketing culture. However, the global changes and rapid developments keep enhancing customer experience and the value they are looking for. For that reason, representatives of a buyer-driven industry face need to invest heavily in marketing intelligence to obtain customer insights on time to shape future plans with a deep understanding of customers’ needs. A study by Stone et al (2017) highlights the importance of creating the right platform for managing intelligence coming from customers. They empirically validated the fact that digitalization, and new information-based platforms have greatly influenced the customer information management system that provides new opportunities for an improved relationship with customers and enhanced business strategy. However, literature creates a gap in terms of identifying the input to information platform in developing countries with a weak marketing and technological background.

In contrast, to developing countries, in the developed countries an effective marketing intelligence model enables companies to deliver value to customers by translating customer insight into creative ideas that provide the basis for differentiation and strong positioning. For
that reason, in light of the technological developments, companies attempt to create new original platforms. Isobar - one of the leading marketing companies in the US announced a new marketing intelligence practice which leverages the latest resources for consumer insights, including social media, digital, and behavioural data. The company uses a variety of data, analytic tools, marketing models, and consumer insights to understand and forecast consumer behaviour. As a result, the company can provide a valuable package to customers that include not only a product but the whole solution. Technology enables Isobar to integrate in-depth surveys with a variety of behavioural and marketing databases, providing both a 360° understanding of consumers and the ability to implement highly targeted, if not personalized, products and marketing programs. Combination of skills and technology enhances the company’s attempt to translate customers’ insight into extremely creative, valuable and technology-enabled strategies and solutions (Isobar, 2017).

The value and elegance of any intelligence systems lie in the use of intelligence and its integration into a decision-making process. Hence, companies’ attempt to succeed and position well will be vain without workable marketing intelligence system. However, such approach is applicable for the developed countries, with customer oriented and market oriented cultures where the value delivery to customers is the focal point of a business. For developing countries, this approach requires better clarification and prioritization of activities in order to maximize the value delivery to customers (Manager’s Guide to Competitive Marketing Strategies, 2016).

For developing country like Georgia, trying to create positioning both at the domestic and international markets understanding this approach is of paramount importance. However, leveraging the latest resources for consumer insights represents a big problem due to multiple issues characterising for developing countries. Particularly, weak technological advancement in combination with post-Soviet mindset makes such approach tough for consideration and implementation.

According to Zavodska et al. (2013), value creation is grounded in the appropriate combination of human networks, social capital, intellectual capital and technology, facilitated by a culture of change. The culture of change and the importance of innovation and flexibility remains a
challenge in developing country of Georgia with widespread post-Soviet mindset. In addition, this process is in need of clarification in developing Georgia’s apparel industry.

Below is provided various scholars’ argument regarding the value of marketing intelligence, which has grown over time.

**Table 2:1 The importance of marketing intelligence described by various authors.**

| MI system is a set of procedures and sources used by managers to obtain their everyday information about pertinent developments in the environment in which they operate. | Mochtar & Arditi (2001, p.141). |
| MI - helps managers to design new more effective approaches to identify opportunities arising in evolving market segments and new partnership arrangements. | Trim & Lee (2007). |
| The practical value-adding concept of marketing intelligence (MI) is that MI should underlie more effective decisions, leading to more insightful market-based actions that should eventually result in enhanced economic/financial performance. | Fahey, 2007. |
| MI - is a systematic collection and analysis of publicly available information about consumers, competitors and developments in the market place. They observe that the aim of marketing intelligence is to improve strategic decision-making. | Kotler and Armstrong (2010). |
| For an effective decision-making, organizations have to grow and nurture customers and competitors' data, build marketing intelligence and consistently monitor these data for return on investment. | Nwokah (2012, p.27). |
| MI - system is a set of procedures and data sources used by marketing managers to sift information from the environment that they can use in their decision making. Therefore, marketing intelligence system provides a continuous flow of information about new technologies, | Nasri (2012, p.168). |
markets, customers, and the economic and regulatory environment that might affect the company’s position.

| MI - “system provides accurate, valid and detailed data and information related to marketing that managers can use when needed to make wise decisions”. | Öztürk et al. (2012, p. 288). |
| MI - is a valuable commodity for creating knowledge on the competitive environment and becoming proactive. | Presser (2013). |
| MI - an enabler for an effective new product development capability. | Trainor et al. (2013). |
| MI - “the ability to fully understand, analyse, and assess the external environment related to a company's customers, competitors, markets, and industry to enhance the tactical and strategic decision-making process”. | Negi et al. (2014, p.16). |
| MI – system is considered as a set of procedures and methods designed to generate, analyze, disseminate, and store anticipated marketing decision information on a regular, continuous basis” | Bhasin, (2016.p. 1). |
| MI - system is a set of procedures and data sources used by marketing managers to sift information from the environment that they can use in their decision making. | FAO, (2017) |
| “Marketing intelligence is used to answer the questions of top management and serve as a link between the information system and top management”. | Kartika, (2017, p 42,) |

As highlighted above, marketing intelligence has acquired much attention from scholars. Table 3 above shows how marketing intelligence has turned into more valuable input for becoming
competitive, for positioning and value creation. Its importance has even amplified in the light of the changing global business environment with the characterizing features of increased competition, global challenges and market shifts in combination with the rapid technological advancements. Such background creates a need for competing organizations to be strategically aware of the environmental factors and a consequent modification, since vigilance has turned into one of the key inputs for continued existence. In view of these developments, integration of marketing intelligence into everyday business has acquired paramount importance, since it aids managers to filter relevant piece of information from the environment. However, again the benefits of marketing intelligence model remain ambiguous in need of adjustment for developing countries like Georgia.

Ayub et al. (2014) studied another relevant aspect of marketing intelligence which has implication on the performance of an organization. The study explored the extent to which marketing intelligence is applied within corporate sector in Pakistan and evaluated the role of marketing intelligence by strategic function on organizational performance. The research results empirically supported the strong positive relationship between marketing intelligence by strategic function and organizational performance. Based on the results, the researcher highlighted the value of marketing intelligence, which not only contributes to the existing body of knowledge but also has many managerial implications. The influence of marketing intelligence on the performance of an organization has been studied by other scholars as well (Hui Feng et al 2014; Verhoef et al. 2011). The negative influence of weak marketing intelligence model on the profitability of Georgia’s factories is noticeable.

A study by food and agriculture organization (2017) characterized marketing intelligence as a link between an organization and the external environment, means through which an organization increases responsiveness to its market and enables to filter relevant information. Today, in the light of information overflow, integration of marketing intelligence into core business is essential, since it assists companies to be proactive and be strategically placed within the market (Tan, 2012). However, the value of marketing intelligence is contingent on its effective and rational application, which is weak in post-Soviet Georgia due to the absence of adequate skills. The absence of empirical study regarding the application of marketing intelligence model
intelligence model in Georgia creates a gap in terms of identifying the relevant part of intelligence to facilitate the strategic positioning of Georgia’s apparel industry.

One of the assumed hindering factors for the functioning of the standard marketing intelligence model in Georgia’s apparel industry is a weak communication and dissemination of intelligence. According to Bellemare et al. (2013, p.8): "the lack of (or poor) information sharing on business processes within apparel organizations constitutes an important problem. Decisions are often made at the last minute and management frequently is of the fire extinguishing type. Many apparel producers have serious management weaknesses, show a lack of control processes and little reactivity to their environment”.

For developing countries such as Georgia, with a weak marketing culture and the consequent absence of marketing skills, the constitution of relevant information and particularly its analytical application is vague. Consequently, the adequate literature on the value of the marketing intelligence fails to reflect the hindering factors in developing countries which fail to take full advantage of information technologies with the key focus on analysis, performance evaluation and added value.

As seen above, scholars argue on the importance of marketing intelligence. In the light of a competitive environment, they came to common idea that the value and elegance of any marketing intelligence system lie in the use of intelligence and its integration into the decision-making process. Indeed, getting better insights of marketing intelligence facilitates establishing a more proactive approach to risk assessment that can significantly aid the strategic decision-making process. However, this theory is applicable in the developed countries. The functioning of the marketing intelligence model remains ambiguous in developing country of Georgia. The present research is an attempt to fill this literature gap and provide recommendations on the functioning of marketing intelligence model in post-Soviet Georgia.

2.3 Marketing intelligence and competitive environment.

The dynamic and changing environment has forced companies to be aware of quick developments and unfold accurate market information on-time in order to seize the opportunity
in the existing environment. Even in late 1920s, Achrol (1991) described the changes that heralded the post-industrial era, producing an environment of ambiguity and paradox that trigger profound impacts on economic and social institutions. The scholar predicted that the environment of the future would be characterized most notably by unprecedented levels of diversity, knowledge richness, and turbulence. Such environment even accelerated the importance of marketing intelligence as a tool to remain competitive in the rapidly changing environment. Lancaster (2007), even looked back in old times when countries won wars not because of superior military presence but due to effective intelligence processing. Over time the importance of marketing intelligence has seen significant rise.

Kotler (2012) defines the marketing intelligence system as a set of procedures and resources used by the managers to get daily information about the developments related to the marketing environment. Negi et al. (2014) refer to marketing intelligence as a bridge between internal and external environments that enables managers to develop well-analysed and rational decisions on markets, competitors and strategy. The development of information technology changed the way of designing the marketing strategy. In the light of such developments marketing intelligence has turned into a basis for success. According to Kartika, (2017, p 42,) “marketing intelligence is used to answer the questions of top management and serve as a link between the information system and top management”. Scholars argue on the importance of marketing intelligence however no studies have examined the functioning of the standard marketing intelligence model in developing country of Georgia with a weak marketing background.

The importance of marketing intelligence has seen a gradual increase due to a particular emphasis on information as a primary source of value. Revolution in the information technology has pushed ‘information’ to a position of the most critical factor in wealth creation (Braun & Patrice, 2006). In today's knowledge-based society Al-Allak (2010) views that the presence and application of relevant intelligence can provide any company with a jump on its competitors, provided that the company is capable of developing, deploying, and managing obtained information in order to convert knowledge into customer value.

Venter & Rensburg (2014) provided a theoretical framework of marketing intelligence process. It highlights the internal and external sources of obtaining intelligence, which is stored,
processed and integrated into a decision making with the assistance of technology. It enables to visualize the value of intelligence in the managerial decision making process in combination with a technological support. Below is provided the theoretical framework of marketing intelligence process by Venter & Rensburg (2014).

Figure 2-1 Theoretical process of MI functioning

Scholars highlighted the benefits of combining the EPR and CRM for the functioning of MI model and the way they complement each other in delivering value to managerial decision making process. Klčová (2017) studied the importance of ERP system in Bernhardt Fashion CZ. The study describes the way this prestigious company has successfully utilized a global ERP product to standardize a part of its processes as well as the areas that needed to be modified or custom adjusted. Nunes et al (2017) argued on CRM as more than a mere a concept or a tool. It
is considered as a business strategy, an endeavour that must be endorsed by all companies willing to compete effectively. However, studies again create substantial gap regarding the applicability of the marketing intelligence model in developing countries with a characterising technical illiteracy and the consequent absence of actions.

A more recent study by Ade et al (2017) provided another model of marketing intelligence and business competitive edge that highlights the link between the marketing intelligence and the competitive edge. The implication of the model is that the different sources of obtaining intelligence such as: internal record, competitors sales data, marketplace opportunity, competitors threat, and competitive risk, have impact on business competitive advantages like profitability, sales turnover, market share, productivity and effectiveness.

**Figure 2-2 The model of marketing intelligence and business competitive edge.**

Source: Ade et al (2017, p. 59)

The theoretical models above highlight that marketing intelligence can contribute to effective decision making and to development of a competitive edge, which support the idea of the present study that the MI can be used to enhance the competitiveness of Georgia’s apparel industry.

The wave of the changes in the business world has confronted companies with unpredictable environmental changes. The changes are so fast that constant readiness is of high importance. At this background, marketing intelligence serve as a key input, since the quality of the marketing information affects the effectiveness of decision making in all industries and each industry has to
device means of survival and competition. (Ade et al, 2017). However, such means of survival and competition remain ambiguous for Georgia’s apparel industry. Consequently, a theoretical gap creates room for more studies in this area, particularly focusing on identifying the means of survival for developing countries in the light of a rapid technological development.

Arline (2016, p.1) argued that not long ago the term marketing intelligence entailed information about competitors and the state of the industry. However, rapidly developing competitive environment has accelerated the meaning of marketing intelligence, as explained by the scholar the practice of collecting intelligence has expanded to include analysis and analytics that aid in improving business model and planning. Consequently, the weak presence of such analytical skills in Georgia’s apparel industry creates the knowledge gap that affects the responsiveness to market need. This, in turn, has implication in low competitiveness of the apparel industry. The relationship between marketing intelligence and the competitiveness of Georgia’s apparel industry has been less considered topic by scholars. Arguably this is the first study aimed at studying this relationship in Georgia’s apparel industry.

Petrisor & Strain (2013) explain that without adequate action, marketing intelligence failed to be a strategic tool for delivering value. Adequate action has implication in obtaining and processing intelligence, which remains weak in local apparel industry due to the absence of adequate skills. Consequently, such background affects the successful functioning of marketing intelligence model that fails to deliver value in Georgia’s apparel industry. As noted by Cacciolatti & Fearne (2013), collection of marketing information is possible only through effective marketing intelligence model. Consequently, the absence of valuable marketing intelligence model, in combination with other factors, serves as a hindering factor for the competitiveness of Georgia’s apparel industry.

In view of Kubiak (2017), today, intelligence plays an imperative role in the growth and advancement of companies. It entails the main source of building a competitive advantage that provides the basis for effective and lucrative business decisions leading company to a success. Developed countries with a strong marketing background conduct market research that enables to obtain valuable information, however this method seems to be faulty in developing countries such as Georgia. Information era is associated with the rapid development of the internet and
tools that enhance the application of various forms of communication for improved networking. However, again this practice is weak in Georgia due to poor marketing and technical skills. Despite the acknowledged importance of marketing intelligence, the existing studies create a gap in terms of identifying the input to effective marketing intelligence model for developing countries with a weak marketing background. It remains ambiguous how these inputs need to be prioritized and adjusted to make the model operable in developing countries.

Especially in the light of changing and competitive environment the weak marketing intelligence model is having a negative impact on the development of Georgia’s apparel industry. Such environment devalues the standard marketing intelligence model in terms of creating a bridge between local and global apparel industries and consequently it fails to serve as a catalyst for change and a higher level of responsiveness.

Bogoyavlenskaya & Klyueva (2012) argued that the concept of competitiveness has seen the most vigilant development within the modern economics. The authors empathized that competitiveness of enterprises implied the possibility of adaptation to new conditions, claiming the constant need for improving the efficiency of local production to meet needs of both domestic and international markets. In that regard, Presser (2013) viewed the ability of companies to obtain and mine intelligence as a valuable commodity to create knowledge about the competitive environment and become proactive.

Authors argue on the importance of remaining knowledgeable and competitive through adaptation to new requirements and processing adequate piece of intelligence. Roberts & Grover, 2012) explained that such effective processing of valuable data can create an agile environment and facilitate an effective response in real-time in line with changing market needs. However, all these statements are fit to developed countries with a strong marketing and technologically literate background. Hence, scholars failed to acknowledge the challenges faced by developing countries, such as: developing economies, weak marketing background, the absence of skills capable of obtaining and processing intelligence. Another challenging factor is underestimation of the competitive environment which requires innovation and flexibility. In developing Georgia, both internal and external challenges create problems for the functioning of the standard
marketing intelligence model. However, no research has aimed to explore the ways of making the standard MI model operable in developing countries with a different background.

From a marketing viewpoint, challenges can be anticipated, recognized, analyzed and addressed or prevented only if accurate and reliable information is obtained rapidly from all available sources. This dominant position of marketing information is so evident that every smart and trained marketing manager or top executive in the developed countries deliberately applies resources to generate, analyse and utilize reliable marketing information (Igbaekemen, 2014). Again, the focus is made on the developed countries, creating gap how this model and approach can be implemented in developing countries. This approach seems to be missing in the local Georgian apparel industry, which results in the weak or in some cases in a complete absence of intelligence assessment regarding the innovations, developments and new requirements within the industry.

A study by Frank et al (2016) in the textile industry one more time highlighted the importance of marketing intelligence for the buyer driven textile industry in order to better understand the consumer behaviour. As noted by scholars “when it comes to purchasing decisions for fair-trade clothing, there seems to be a gap between actions and words”. The study suggests theories to minimize the gap, among the recommendations the focus was made on delivering tangible value to customers, which is possible only by understanding the customers and market needs. However, this approach works in the developed countries with a strong marketing background and customer orientation. Hence, in developing countries such as Georgia where the notion of customer orientation is still challenging, the gap between customers and producers remains huge.

The recent paper by Kunle et al (2017), studied the positive impact of marketing intelligence on the business competitive advantage in a Nigerian bank. Scholars empirically supported the idea that marketing intelligence as an organizational strategy can perfectly work for a company in case the immediate actions are undertaken, otherwise it won’t give an advantage to over perform competitors. Again, the benefit of marketing intelligence rests on the idea of its strategic application in order to meet the market requirements. Therefore, the absence of skills for strategic application of marketing intelligence has a knock on effect on the existing marketing intelligence model.
Despite the importance attached to the presence of marketing intelligence, no studies have ever examined the relationship between the marketing intelligence and competitiveness of Georgia’s apparel industry. None of the scholars evaluated the ways of creating competitive advantage in Georgia’s apparel industry. Therefore, this study filled a gap by providing literature on how to make the standard marketing intelligence model operable in Georgia’s apparel industry with a weak marketing and technological background.

2.4 Other models considered.

Throughout the research process, the researcher considered an additional three models to support the argument in the present study. Models are provided below.


Even though communication has always been considered as a critical input to marketing, in late 20es Duncan & Moriarty (1998) delivered communication-based marketing model for managing relationships. Scholars highlighted the importance of interactivity in terms of ensuring effective communication at three levels—corporate, marketing, and marketing communication—that can facilitate valuable communication with all stakeholders and lead to the brand relationships that drive brand value.
Another relevant model was developed by Trim (2004), the so-called “satellite model” which highlights the importance of an effective communication both internally and externally. The model highlights the way corporate intelligence staff can be connected to other members of the organizations, with marketing channels and with external experts. According to the scholar, such model might require the introduction of changes in the organization’s structure and culture and the presence of technological literacy so that marketing staff within the organization is capable of speedy communication with both existing and potential customers. The satellite model is focusing on a commitment of sharing information, formulating marketing strategies and objectives and advising staff when required.

Critics of satellite model argue that it is very market oriented and fails to consider the activities of HR department. However, Trim argues that the model is integrator and encourages effective communication throughout the organization and externally, that enables the corporate
intelligence staff to facilitate collection, analysis, interpretation and dissemination of a relevant piece of intelligence.

Figure 2.4. Satellite model by Trim (2007).


Certain authors like Omzel & Gulev (2011) view competitiveness as the ability to respond to market needs effectively. In the competitive environment, response capability of an organization to market needs and uncertainties within the environment serve a critical factor for market driven company capabilities. Heinrichsa & Limb (2009) studied the impact of using marketing model and competitive intelligence on the strategic response capability of a company. The research results supported the argument that competitive intelligence application can enhance and speed up the analysis and assessment process, whereas the use of competitive can provide the organization with focus. Both aspects are of high importance for a company willing to remain competitive and responsive to market needs. Below is provided the theoretical model developed by scholars.
The elements of old models provided the basis for designing a new model for Georgia’s apparel industry. All three considered models have common characteristics with the developed new model since they consider the importance of effective communication at all levels and the importance of processing and communicating a relevant intelligence for remaining responsive to market needs.

2.5 Marketing Intelligence and the global apparel manufacturing industry

The economic environment has undergone transformation and modification to fit the competitive environment. Rising competition triggers need for accurate market segmentation, sophisticated technology and a constant presence of relevant intelligence in order to track and respond to changing market demand. Rapid developments certainly create a state of turmoil and turbulence in the competitive environment and cause changes in market conditions. Hence they pose the urgent need for flexibility and adaptation to new requirements for companies. Such conditions generate an urgent requirement to integrate marketing intelligence into routine operations as a way of surviving (Miculescu & Miculescu, 2012).

A shift in the textile and apparel tendency and trade has turned into a subject of interest among scholars. Saricam et al. (2012) have been active observers of the global apparel value chain and...
hence analysed the shifts within the apparel industry with a systematic approach. According to their observation, four migration phases have occurred during that period - the first of which was from North American and Western Europe to Asian Big Three in the 1950s and early 1960s; second shift occurred from Japan to Asian Big Three; third migration happened towards China and other Southeast Asian countries; finally, fourth migration occurred in the 1990s towards south Asia, Latin America, Eastern Europe and Mediterranean region.

The accession of China to World Trade Organization (WTO) and abolishment of quotas in 2005 had an enormous impact on the world textile and apparel industry. China has captured the largest share of the world's manufactured garments by developing the acumen to offer start-to-finish full-package services to dominant brands. However, the limited availability of financing increased labour unrest and growing political uncertainty in China has created concern for the international brands. Therefore, the major international apparel brands have commenced shifting apparel sourcing away from China to other cost-competitive countries like Georgia (Bishop, 2011).

In that context, Georgia faces the potential to turn into a manufacturing hub. However, the existing ineffective marketing intelligence model prevents companies to obtain relevant intelligence on time and respond to global apparel brands' needs. Georgia has an opportunity to engage in a global apparel production, though this is contingent on the better informed understanding of the global apparel market needs and the fast adaptation to changing taste and needs of sophisticated global brands. This can gradually be achieved through the presence of a viable marketing intelligence model, enabling industry representatives to become familiar with the nature of the global apparel production (Bishop, 2011; Carpenter, 2011). However, in the absence of empirical study on the functioning of the model in Georgia's developing apparel industry, there is a need for closer investigation of the model to determine the major hindering factors, and tailor approaches which take into account the specific Georgian context.

Changes have taken place in the global apparel industry. The majority of manufacturing enterprises have been continuously facing demands for mass customization, reconfiguration and improvement in quality, speed and cost of the manufacturing process. Such competitive
environment generated the need for constant analysis, planning, implementation and control in order to achieve competitive advantage.

A more recent study by Gopura et al (2016) highlights the changes in the buyer driven global apparel manufacturing industry in which buyers (brands) commonly from developed countries are heavily relying on full package network from manufacturers most commonly located in developing countries. In that regard, developing countries such as Georgia willing to collaborate with the international brands and buyers need to better understand their needs and wants. More importantly, only having information on global market needs is not enough unless adequate measures are undertaken for introducing changes in the working culture and skills. Currently, Georgia’s apparel industry specializes in cut make and trim. Other low-cost countries like Sri-lanka are transitioning from Cut, Make, Trims (CMT) assembly and Original Equipment Manufacturing (OEM) to Original Design Manufacturing (ODM) and Original Brand Manufacturing (OBM). The transition from CMT to higher value activities relies on the presence of adequate expert professionals who can provide creative, commercial, technical, and leadership skills in the process. For the apparel manufacturers in Georgia the problem is double fold, first it is costly to collaborate with such experts, due to a shortage of financial resources, secondly no research is available providing recommendations on how to foster the shift of Georgia’s apparel industry to a higher level into a value chain. The only similar study available is the USAID report which serves as a basis for the present research. However, even that study fails to provide details on the successful transition in a higher level in the apparel value chain of Georgia and successful modernization.

Low-cost countries like India and Bangladesh have gained customers in the light of the global apparel industry developments, but limited production capacity sufficient to absorb additional orders has left room for more players in the market, willing to get engaged in the outsourcing opportunities. On the other hand, increased transportation costs are encouraging international brands to look beyond Asia for producers closer to their markets. In the light of these developments, Georgia, with its unique location bordering Turkey which is a major apparel producer, faces new export opportunities to turn into a manufacturing hub. However, it hinges on the ability and skills of local manufacturers to become more market oriented and identify keen
intelligence to better respond to the changing and growing needs of the global brands (Carpenter, 2011).

Successful engagement in export activities remains challenging for post-Soviet countries. Companies in most of these countries still remain unable to adapt to turbulence and complexity of the competitive environment, hence the value delivery remains unsecured. Consequently, the operation only at the local market undermines the competitiveness of the industry. As noted by Ignjatijević, & Raičević, (2016, p. 204), “in order to improve the competitiveness of textile and clothing industry, it is necessary to enable a faster transfer of new technologies and innovations, to organize the process of modernization, to link small and mid-sized businesses into clusters and introduce the essential quality standards” . However, no studies are available in Georgia’s apparel industry to provide an idea on how to organize the process of modernization and standardization.

Apparel manufacturing is a system encompassing all steps starting from order to shipment, including planning, design, purchasing, production, inventory, distribution, marketing and sales etc. Today, the global apparel manufacturing industries face challenges due to quick technological developments and more demanding customers. Tesfaye et al (2016, p.421) argue on the value of technological developments in the apparel industry of Ethiopia. The study focused on the linear programming that introduced significant improvements in the efficiency of the labour force. “In apparel manufacturing firms, efficient use of materials such as fabrics and sewing threads and processing time at different stages of production as well as minimization of labour and materials cost are necessary to enhance their profitability.” However, scholars argue on the pending issue of resource allocation. The similar problems are apparent in post-Soviet Georgia’s apparel industry suffering from the shortage of technical skills that affect the efficiency of the factories. As noted by Yağcınoy et al (2014), every manufacturing company has to apply available resources optimally with the aim to increase profit. This remains a challenge in Georgia's apparel industry. However, no studies have examined what is the optimal use of labour in Georgia's apparel industry.

The shortage of technical skills has implication in the low effectiveness of the industry. Georgian apparel factories with limited production lines serve as an indicator of less productive labour
with a low efficiency which is detrimental to the apparel industry. Much money is spent on design and arrangement of effective production lines in the developed countries however completely perfect lines are rare in practice. Even in whole automated lines, imperfections can be found (McNamara, 2017). No research has been done in Georgia that could have provided a detailed assessment of production lines with the aim to provide recommendation how to maximize the performance of lines. Therefore, again it creates the literature gap regarding the arrangement of production lines in developing countries.

When discussing the global apparel industry indeed much attention needs to be paid on the ERP. One of the important aspects of the apparel industry is the ERP, which represents a fully integrated and customizable business management system for organizations. ERP helps reduce company costs, facilitate the data mining and streamline processes (TrueERP Software, 2017). One of the major uses of ERP software is controlling a supply chain. A recent article by Binnis (2017, p.2), argues on the importance of having the adequate supply chain in the apparel industry. In that regard, in the light of technological developments, two areas are underlined, first need for a holistic assessment of the organizational structure in order to ensure the effective process of merchandizing, planning, and buying decisions. The second is the optimization of omnichannel operations and systems. From an operational viewpoint, numerous companies still face uncertainty in supply chain and inventory management models. Companies that ensure effective management of their inventory deploy an enterprise-wide model of planning and managing their supply. “More specifically, there is a widely adopted concept among consumer packaged goods manufacturers commonly referred to as Sales & Operations Planning (S&OP) – a way to continuously plan demand, supply, and appropriately balance the two competing activities. Apparel brands and retailers need to adopt a similar mindset.” However, this approach is suitable for the countries and industries supported with a well developed technological background and customer and market oriented industries. The activation of the systems and model remain a challenge in Georgia’s apparel industry characterized by still prevailing technological illiteracy. Arguably, there is no academic work on how these models can be implemented in developing countries.

According to Pani and Sharma (2012), apparel is one of the most profitable segments of the retail sector. However, preferences in this area are determined by more demanding and sophisticated
customers and buyers. Today, the global apparel industry has turned into one of the main drivers of a new reality, with demanding global consumers, global suppliers and distributors and particularly with the shorter product life cycles. It is being developed at a rate that claims a large spectrum of studies in design, production management, quality control and effective planning. Such background calls for a strong presence of relevant marketing intelligence to fit the new changing global apparel industry.

For developing countries such as Georgia, such dramatic changes have even accelerated challenges due to the limited capacity of local manufacturers to cater the latest demands and trends. Local factories lack the agility and understanding that manufacturing systems no longer exist in the isolated environments. As noted by Littlejohn (2013), rivals face the need to adjust to variations in customer demands, new technologies, and other changes in the modern manufacturing environment. The obvious shifts are dramatic, from local to national and to global marketing, from price to non-price competition. As companies face the need to expand their geographical market coverage, managers consequently need more information on time. This serves as the only way to accurately predict consumers’ changing taste and response to different features, styles and other attributes (Igbaekemen, 2014). Despite the acknowledged importance of being adjusted to modern environment to be responsive to changing customers’ need, still there is a literature gap on how developing countries can prioritize action in order to get engage into this process.

As explained by Girneata, & Dobrin (2015), European textile and clothing industry has seen significant changes in recent decades due to the technological advances, developments in production costs, the emergence of major and international competitors. Globalization and technological advancements have posed a need for rethinking the existing strategy for better compliance with the competitive requirements. As a result of competitive challenges, the sector has undertaken the time consuming process of restructuring and modernization. Such environment forced companies to establish a set of competitive priorities which became critical variables to manage manufacturing operations. These variables are: selling price, quality, delivery time, product range, all facilitating the improvement of operational competitiveness.
However, the determination of competitive priorities for the apparel industry of post-Soviet Georgia has not attracted the attention of scholars. Therefore, no empirical evidence has been collected that could have assigned a certain set of priorities over the others in developing countries. In view of this contextual background, with characterized poor marketing culture, low efficiency and scarcity of technical skills, the investigative assessment is essential. A closer look at the challenges preventing competitiveness of the apparel industry can assist in determining which competitive priorities can be enhanced initially to provide a sound basis for further development of the apparel industry.

The lack of studies in developing countries creates a gap in the characterization of smart manufacturing strategies. Even in developed countries, simply adjustment of manufacturing strategies is not sufficient. Technology has been integrated more into operations forcing companies to formulate smart strategies consistent with the use of manufacturing technology to meet needs of the globally competitive and changing environment. The future competitiveness of manufacturing operations in the light of dynamic and complex environments hinges on forward-thinking strategies (Liu, 2013). This topic has not been previously studied by scholars in relation to the apparel industry of developing countries therefore smart, forward thinking manufacturing strategies for Georgia's developing apparel manufacturing industry is in need of study.

Cavusgil & Kirpalani (1993) have studied a model highlighting the correlation between the marketing mix and export performance. However, the inclusion of control variables in the model such as firm size, international experience and resource advantages has generated changes. In that regard, Firmansyah & Yousef, (2013) argue that large enterprises seem to experience fewer problems in terms of complying with the changing environment due to the abundance of resources, but small and medium manufacturing companies like in Georgia face problems as a result of resources scarcity. With the consideration of the size of Georgia’s apparel market Georgian factory 001 is big. However, relatively big size of the company does not seem the guarantee for the availability of required staff Georgia’s apparel factories. This suggests that, without a clear understanding of contextual circumstances, the recommendations for creating an effective model and especially for marketing standardization are devalued. This creates a theoretical gap in designing the models, including marketing intelligence model for developing countries like Georgia that requires further exploration.
In this environment, simply making things better has proved to be insufficient for being responsive to changing requirements. In that regard, focusing only on manufacturing processes will likely fail to lead to the higher efficiency and the higher profitability; neither will it lead to differentiation through new distinguished products. There is an apparent need for more comprehensive and holistic approach. It implies not only replacement of old manufacturing processes with more flexible and efficient ones, but the profound understanding of new product specification set by demanding customers. Manufacturing processes leading to final product should change as well, in order to become adapted to such new product specification. Such drastic changes force companies to commence by scrutinizing the surrounding environment to obtain relevant information for an efficient planning and modifying internal behaviour for more effective response (Arias & Solana, 2013).

Under these circumstances, companies worldwide are forced to adjust constantly, offer products and services in compliance with the global market needs which require sophisticated production processes, capable of responding quickly to changing environment. Today, competitiveness is contingent on a company’s ability to design sound strategies to fit the global market. Consequently, the modernization and adaptation to new realities trigger the requirement for the constant presence of marketing intelligence, leading to innovative approaches, methods and processes as a sole way to meet the current scientific and technical progress.

Manufacturing lies at the core of industrial economies and contains all different kinds of services that are connected to manufacturing chain and it does represent one of the key contributors to the world economy (World Bank, 2011). With the consideration of the apparel value chain characteristics, comprising multiple steps, starting from raw to sales, the presence of relevant marketing intelligence seems to be an essential element at all stages. With a strong marketing intelligence model companies, engaged into apparel value chain activities, will be able to better understand general market requirements and hence deliver higher value. Georgia is trying to engage in the global apparel production but is left with no choice but to create an effective marketing intelligence model for survival. Arguably this is the first study of this nature that provided recommendations to Georgia’s apparel industry on how to make the existing marketing intelligence operable and capable of delivering value to the industry.
2.6 Post-Soviet apparel industry and the global apparel manufacturing industry

The apparel industry is considered as one of the vital sectors of the economy in terms of investment, revenue, trade and employment generation all over the world. The apparel industry is characterized by having short product life cycles, incredible product variety, volatile and unpredictable demand, long and inflexible supply processes. The industry has witnessed a significant transition over the last 20 years. Apparel, as a highly fashion driven industry, faces need to be in line with fast changing trends. Consequently, apparel industry representatives are required to cope with varying tendencies. Some of the major contributors are: significant consolidation in retail, increasing use of electronic commerce in retail, and wholesale trade. At this background, the absence of an effective marketing intelligence model creates a gap, leaving manufacturers unable to respond to market needs (Fashion products, 2017).

Even in mid-20es Snow (1984) precisely predicted the current environment where companies buy raw material anywhere in the world at a low price, find places to manufacture at the lowest cost and finally sell where the product can bear the maximum price. This is a typical picture that takes place in today’s global apparel industry, where brands aggressively pursue disintegration of the production process in search of decreasing production costs. An increasing number of apparel retailers have changed the production process and created need for organizing supply chains globally. In the meantime, producers have transferred part of their production to low-cost countries to maintain market competitiveness. This was mostly triggered by the differences in salaries across the global labour markets and high profits obtained from trade (Girneata & Dobrin, 2015). In the light of such developments Georgia, with its unique location and competitive labour cost has the opportunity to turn into a manufacturing hub, however weak marketing background and skills shortage halt this process.

Georgia has a long history of a successful apparel production dating back to old Soviet times, when apparel sector was one of the key contributors to the economic growth of a country. The collapse of the Soviet Union has had a devastating impact on the apparel industry. From 2004, Georgia's apparel manufacturers got engaged in an important effort to revitalize this once thriving sector, but narrow operations only in the domestic market deprived the sector of the potential to thrive in the face of fierce global competition. For developing country like Georgia,
market expansion and successful repositioning both at local and international markets are essential in the light of a changing and developing competitive environment (GNIA, 2009).

Apparel industry represents one of the essential catalysts for national development and has proven to be one of the first manufacturing sectors to come out in emerging economies like Georgia. Apparel is a perfect example of a buyer-driven value chain, with the key characteristics of being highly competitive with globally decentralized factory systems and in most cases with low entry barriers. As explained above by Pani and Sharma (2012), preferences in the apparel industry are determined by sophisticated buyers and customers who make the apparel industry more buyer-driven. Such environment increases need for a relevant piece of intelligence for effective decision making and response to market needs. Igbaekemen (2014) views the presence of the marketing environment as a sound basis for survival at the background. Despite the wide acknowledgment of the value linked to marketing intelligence, no studies explore the process of ensuring the effective marketing intelligence model for Georgia’s apparel industry.

The changing competitive environment conveys information persistently on changes, trends. However, companies in Georgia’s apparel industry lack the skills to timely identify the relevant piece of intelligence and integrate it with the internal knowledge in a sensible way. It involves a continuous process of broad-based investigations into technologies and markets by effectively applying external information sources (Schweitzer et al. 2011). However, with a poor marketing and technological background, such activities remain challenging.

The assessment of Georgia's apparel industry conducted by the EPI - USAID (2011) revealed the whole array of challenges, which deprived the sector of value added activities. The combination of ailing factors such as: the poor presence of marketing culture, weak application of marketing intelligence coupled with insufficient skills and outmoded technology create a significant competitiveness gap within Georgia's apparel industry. Apparel manufacturing industry representatives in Georgia are required to re-think the existing strategies and approaches in an effort to absorb more value driven activities, facilitate the development of core competencies and increase the general level of competitiveness, (Ragelska & Korsakiere, 2011). However, there is an absence of academic literature regarding the value added activities in the apparel industry of
Georgia therefore it creates problems in terms of rethinking the strategies and designing the tailored approach.

The major challenge for Georgia's apparel manufacturers is to overcome its poor understanding of marketing principles and the value of marketing intelligence that leaves industry unable to fit in the modern global apparel industry. The existing model of marketing intelligence apparently contains flaws that hinder the full successful realization of the model in terms of delivering value in developing country. Such a flawed model leaves industry representatives unable to rationally analyse, apply and integrate marketing intelligence into a strategic management process. The consequent information gap generates problems of timely response and interpretation of available data, therefore the existing model must be reconsidered for developing countries like Georgia. Arguably, this is the first study in post-Soviet Georgia that will introduce changes in the industrial practice and facilitate the engagement of the local industry in the global apparel industry production.

2.7 The impact of information technology (IT) on manufacturing industries.

Timely possession of relevant information is a key to gaining a competitive advantage while doing business in the 21st century’s global market. Recent trends in consumer markets have shown a shift towards more customized products and faster upgrades in technology (Chou et al. 2010, p.1). Machuca et al. (2010) and Jiménez et al. (2011) argue on the dominant influence of technology on manufacturing strategy practices. A research by Berisha-Namani (2013) once again emphasized a dramatic influence of information technology on the success of marketing and business operations. He argued that by using information technology, companies could reach more customers, introduce new products and services quickly, and collaborate with suppliers and business partners from all over the world. However, this approach is suitable for the developed countries with a strong technological background. For developing countries such as Georgia with a weak marketing and technological background, the influence of high tech development is slow and in some cases unexplored. This might be considered as one of the weaknesses of developing countries in need of consideration.
For a buyer driven industry as apparel, constant relationship with customers is of high importance. “At the heart of customer relationship management is the concept of customer centricity. Customer centricity emphasizes the idea that firms should recognize that customers are different and target only those customers for whom the marketing effort will pay of” (Ascarza et al. 2017, p. 347). In that regard, CRM facilitates to establishing beneficial networking with customers with the focus on enhanced sales and productivity. One of the benefits of CRM is associated with the assistance to companies to understand, anticipate and respond to customers’ needs and remain proactive rather than reactive, such approach can create value for companies by better understanding customers (Manvinder et al. 2017). However, the importance of customer orientation is underestimated in Georgia’s apparel industry. Hassan (2012) introduced the principle called “customer value”, with the focus on customer insights as a driving force for a company’s marketing activities, for investment and production decisions. However, value creation and customer value are less argued subjects in developing countries such as Georgia due to weak marketing culture.

Customer relationship management has implication in the effective use of strategies and technologies for data mining and evaluating the relevant piece of intelligence. Today, even the CRM appears in a more sophisticated form which enables companies to ensure healthy networking with customers through the internet. The evolution of e-CRM, which uses internet based technologies, such as forums, websites and emails, facilitates the achievement of the CRM objectives more efficiently (Palioras & Siakas, 2017). Despite the scholarly arguments on the importance of CRM none of the studies explores its functioning in developing countries, especially in post-Soviet Georgia’s apparel industry, which underestimates its value and the significance of IT development. Therefore, it creates literature gap on the functioning of CRM in developing countries with a weak technological background.

Despite scholars’ support for the CRM, the creation of such attitude requires strong marketing background with customer and market oriented businesses, which is absent in Georgia. The acknowledgment of the value linked to IT development is so weak that it creates big distinction in the application of CRM in the developed and developing countries.
A recent study Hsu (2017) joins the realm in support of technological development. He highlights that in a customer-oriented era successful business strategy is dependent on customer insights. Therefore, managers today are under incredible pressure to reveal factors driving customers’ attitudes and behaviour. Another growing trend anticipated in 2017 is the extension of customer analysis which poses need not only to understand what is acceptable and desirable for customers but also the reason behind it. This, in turn creates a need for more sophisticated technological skills capable of providing the insights on customer behaviour and thinking (Smilansky, 2017). However, this attitude is missing in developing countries due to underestimation of its value and the absence of technical skills. Consequently, the available literature on the significance of technological developments and particularly CRM creates a gap in terms of its application in developing countries.

As noted by various scholars CRM greatly contributes to business performance and enhances customer satisfaction and retention, specifically in the context of the service industry, which is characterizing for the apparel industry. However, to date, scholars have not produced CRM-related studies in the apparel industry especially the impact of CRM in developing countries with a weak marketing and weak technological background. As explained by Finnegan and Currie “CRM is too often implemented with a focus on a software package without an in-depth understanding of the issues of integrating culture, process, people and technology within and across organizational context”. (2010, p. 153). In that regard, the implementation of CRM will be difficult in the Georgian context due to poor technological literacy and post soviet culture. Despite the need for CRM implementation, no studies have provided platforms for preparing grounds for the CRM performance in developing country of Georgia with a weak marketing and technological background.

2.8 Hindering factors affecting the development of post-Soviet Georgia’s apparel industry

The EPI-USAID (2011) made an assessment of Georgia’s apparel industry, which revealed a significant competitiveness gap in the sector, stripping local apparel industry of the ability to respond effectively to global apparel market needs. According to the report, one of the key
contributors of the existing competitiveness gap is still the prevailing poor marketing culture which in combination with skills shortage significantly affects the industry’s advancement. Consequently, with a poor marketing background and other assumed hindering factors, the existing marketing intelligence model fails to operate effectively in post-Soviet Georgia’s developing apparel industry.

Grooms (2001) described a significant challenge faced by managers in terms of implementing the right marketing intelligence model within companies. Competition has become tough in the global apparel industry. Bellemare et al. (2013, p. 8) argued that “products offered often fail to meet the apparel manufacturers’ and distributors’ needs and expectations”. This can be attributed to several challenges identified by the authors from interviews with different stakeholders. These factors are: “(1) the lack of technological fluency on the part of both managers and labour; (2) strong resistance to change in a very traditional industry still relying on outdated work habits; (3) the lack of proactivity and use/implementation of strategic or technical watches; (4) minimal investment due in part to the difficulty in borrowing; (5) the bad press often given to technology and mass customisation implementations by some of the important industry actors” (Bellemare et al. 2013, p. 5).

Related literature on the benefits of marketing intelligence (Fleisher, 2008; Kurtz, 2008; Roux & Osthuizen, 2010) affirms the void in the application of marketing intelligence model in developing countries. Therefore, this topic remains unexplored and consequently requires closer attention to identify the key reasons for its malfunctioning and find an immediate short term solution.

The model is flawed because of many potential malfunctioning aspects. Amongst possible reasons is viewed the lack of regard for marketing intelligence as a result of poor marketing culture and inability to assess the value of being cognisant of related industry developments. The problem stemming from the culture and post-Soviet mindset puts limits on flexibility and agility. Culture has significant impact on beliefs and attitudes, as well as productivity by shaping social decision-making process and forming an attitude towards innovation and changes (Apsalone & Šumilo, 2015).
In that regard, the existing faulty model needs be explored from the participants' viewpoint. Their subjective beliefs, attitude, behaviour and importance they ascribe to marketing intelligence play vital role in the explaining the malfunctioning of the model. This topic has not been considered by scholars in relation to developing countries and moreover, for the apparel industry, in which marketing intelligence and customer value serve as a basis for survival.

As outlined above, there is no empirical study showing the analytical results of marketing intelligence model performance in the apparel industry of post-Soviet Georgia. There seem to be practical challenges managers face in employing the model since it fails to deliver value to Georgia's apparel industry. Trim (2004) noted that sometimes it was essential to alter the organizational structure and organization’s culture to embrace the change within the environment, where management revealed full commitment to change and shared ideas with those lower in the hierarchy.

For Georgia, the malfunctioning of the existing marketing intelligence model is associated with many factors. Amid multiple deterrents, Evans & Schlacter (1985 cited Meunier-FitzHugh & Piercy, 2006) viewed the poor internal structure of organizations as one of the possible detriments to the meaningful exchange of intelligence. Therefore, both internal and external hindering factors have to be reconsidered to determine the ailing features of the existing marketing intelligence model in Georgia.

Amongst many hindering factors is the technological advancement which according to Chermak (1995) has greatly affected all businesses through cost reduction and improved coordination, the lack of which significantly mars the development of the local apparel industry. Amongst numerous hindering factors, Zala (2010) referred to inflexible labour and poor application of information technology as key issues ailing the apparel industry, which is evident in post-Soviet Georgia. When examining the faulty model, behavioural factors must be considered too. Altering the behavioural aspect of management is believed to have positive impact on the successful operation of the existing marketing intelligence model.

The standard management thinking and approaches were suitable for smooth, less turbulent landscape with well-defined boundaries and less aggressive competition. The changing competitive landscape has forged a new environment with unforeseen complexities, forcing
companies to develop new flexible strategies and fresh ways of thinking. Heo (2010) noted that, the failure to understand the changing environment might have serious adverse effect on the general stance of a company. With the absence of a sound marketing intelligence model, such a turbulent environment has turned out to be challenging for developing countries like Georgia which is trying to get engaged in thriving global apparel businesses.

Cyert & March (1992 cited Campos et al. 2014) argued that information on the competitive environment was not accessible for those companies suffering from the shortage of resources/skills capable of obtaining, analysing and converting it into a valuable data. This seems to be a challenge faced by Georgian manufacturers. In the absence of an efficient marketing intelligence model and resources to apply it rationally, the local apparel industry loses an opportunity to attract international brands and deliver value they are looking for.

Despite the access to intelligence on the global apparel industry developments, Georgia’s apparel sector representatives remain unable to get relevant insight to be responsive to global apparel market needs. Moreover, what constitutes the minimum required valuable information for developing country like Georgia, with a weak marketing culture and flexibility remains as concern. Local apparel industry representatives do have access to the relevant sources of data; however, the marketing intelligence model fails to render value due to apparent challenges at the dissemination and response level. It creates significant information loss depriving the model of the promised value. A closer look is required at information flow to identify the most vulnerable area for consideration at the initial point.

**Table 2:2 List of assumed hindering factors in the local apparel factories**

<table>
<thead>
<tr>
<th>Ineffective communication, poor flow of information</th>
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</thead>
<tbody>
<tr>
<td>Poor marketing culture</td>
</tr>
<tr>
<td>Organizational structure/poor internal structure</td>
</tr>
<tr>
<td>Culture (attitude, behaviour) and post-Soviet mindset</td>
</tr>
<tr>
<td>Shortage of adequate skills</td>
</tr>
</tbody>
</table>

Source: interviews with the participants and the USAID report (2011).
A significant challenge for developing countries and especially for Georgia’s apparel industry is the ability to reconcile the high-level abstractions that are needed to design a viable marketing intelligence model capable of delivering value to industry. The concept of the efficient model is in need of rationalization to shed light on inputs capable of making the model more effective. Another challenge that deserves consideration is a theory laid out by Shannon et al. (1998) arguing that the successful reproduction of information over a communication channel hinges on the design of the system rather than on the meaning of an actual message. However, what is an effective system for developing countries remains a challenge, not yet considered and researched by the scholarly community.

2.9 Competitive environment and the sources of competitive advantage in the apparel manufacturing industry

Sharma & Singh (2012) argued that the environment in which companies need to operate today has vivid characteristics of being unpredictable, chaotic and turbulent. The combination of challenges and opportunities raises more uncertainty that significantly boosts the importance of understanding the changing market that influences the viability a company. Growing competitive intensity has posed the need for reorientation in pursuing competitive advantage. With the changed orientation, the key focus must be put on having better understanding of market requirements through strong marketing intelligence. Achieving competitive advantage requires the ability to utilize and develop external knowledge and leverage capabilities to provide value to customers, gain a competitive advantage, and create wealth (Sirmon et al. 2007).

Omzel & Gulev (2011) viewed competitiveness as a firm’s ability to provide products and services, as effectively as, or more effectively and efficiently than relevant competitors. Measurement of competitiveness often comprises a firm’s profitability and export share. However, evaluation of competitiveness is difficult. In industries characterized by foreign direct investment, like apparel, the firm’s percentage of foreign sales and its share of regional or global markets can provide measures of firm competitiveness.
2.10 Competitive priorities in manufacturing industry

Awwad et al. (2013) argued that available literature on manufacturing strategy considered competitive priorities as a set of strategic capabilities assisting companies in developing and maintaining a competitive advantage. Some empirically derived taxonomies are existent for manufacturing considered as competitive priorities (Chen, 1999; Avella et al. 2011; Nauhria et al. 2011). These competitive priorities are: quality, delivery, flexibility and cost.

Empirical findings by Rosenzweig & Roth (2004) revealed that the development of one generic manufacturing capability need not necessarily be at the expense of another. However, in case of post-Soviet Georgia, these competitive priorities require reconsideration in a new context.

Despite the existing taxonomies for the competitive priorities in the manufacturing industry, no empirical studies are available that describe those competitive priorities, capable of creating competitive advantage in developing countries such as Georgia. This topic has not been previously considered by the scholarly community. Therefore it requires more clarification and assessment. Theoretical gap creates the absence of empirical evidence supporting the advantage of listed competitive capabilities for developing countries with a low efficiency and a poor marketing culture.

Pandey et al. (2011) argued that collected intelligence determined the relative importance of competitive priorities which required ranking and alignment with the global requirements. This suggests that an accurate assessment of obtained intelligence and ranking is of high importance in terms of identifying the valuable competitive priorities to comply with to meet the demanding and changing environment. The existing faulty marketing intelligence model creates a gap between the local and the global competitive landscapes that cause difficulties in identifying the required competitive priorities.

As elaborated by Askar & Mortagy (2007), the study of competitive priorities was first initiated by Skinner (1978) who recognized the missing link between operations and manufacturing in formulating strategy. They defined several competitive priorities to be incorporated when formulating smart strategies for the manufacturing industries, these priorities have been refined over the years and delivered in the following form:
• Cost - production and distribution at a low or competitive price.
• Quality - manufacture products with high quality or performance standards.
• Delivery dependability - meet delivery schedule.
• Delivery speed - quick reaction to orders with high efficiency and short lead time as required by all international brands.
• Flexibility- reaction to change in product mix.

Another scholar Urošević (2012) suggested consideration of the following factors that are believed to enhance the reinforcement of improved positioning of apparel factories, these are:

• Accomplishment of globally demanded quality.
• Development of an efficient production process.
• The higher flexibility level of developmental and production potential of a company.
• Accurate price structure with a built-in quality system for the superior productivity of an entire business which enables cost decrease and price competition.

As outlined above, most researchers in this realm have investigated competitive priorities for the developed countries and neglected the context of developing countries (Schoenherr et al. 2012). Hence, the existing theory fails to highlight how these capabilities can contribute to better positioning of apparel factories in developing courtiers with relatively poor marketing culture, low efficiency and weak understanding of accurate price structure.

Relatively recent article by Kremer (2013) highlighted that rapidly developing global apparel industry had triggered need to shift attention to five dimensions of competitive priorities: cost, innovation, quality, flexibility and delivery.

Extremely dynamic and competitive environment exposes companies to new opportunities and provides a sound basis for outmanoeuvring strong competitors in order to become competitive, gain higher market share and better positioning. Understanding competitive environment of developing countries like Georgia is relatively problematical. Therefore, the development of solid strategies leading to a competitive advantage is undermined, which creates ambiguity in terms of identifying the right initial steps for becoming competitive and flexible (Kehide & Ikioda, 2011).
Available literature on acknowledged competitive priorities in relation to the apparel industry, (Avella et al. 2011; Askar & Mortagy, 2007; Urošević, 2012) proved to be valuable for more developed countries, that neglected the value of these priorities in developing countries such as Georgia. A better understanding of features characterizing developing countries can facilitate the identification of adequate competitive priorities that could bring value to Georgia's developing apparel industry and enable manufacturers to meet the global apparel market requirements.

2.11 Competitive dynamics - a source of competitive advantage in the apparel manufacturing industry

In discussing the sources of competitiveness in the apparel industry, competitive dynamics deserve attention. As noted by Livengood et al. (2010) the field of competitive dynamics attempts to explore the actions and reactions that firms take in the marketplace. In the case of developing countries such as Georgia, competitive dynamics are ambiguous and often unpredictable, that negatively affect the competitiveness of any industry.

Oliva et al. (1988, p. 374) developed a: "model of competitive dynamics that integrates structural (industry inertia) and process (relative competitive force) components of the competitive dynamics found in the marketplace". The implication of the model is the value of an accurate assessment of competitive environment for reinforcing the given business position. In that regard, information accuracy is hinged on managements' ability to obtain and analyse marketing intelligence. In case of Georgia, with an apparent shortage of skills to obtain and evaluate information, the model fails to deliver value. Consequently, the existing model of competitive dynamics needs reconsideration for developing countries.

Competitive environment triggers need for understanding the interaction of responsive competitive actions among firms. For that reason, Lamberg et al. (2009) argued that the focal area remained an individual competitive action undertaken by a company, in an effort to enhance or preserve its competitive advantage against competitors. According to Chen (1996), the number of such competitive actions positively influences the performance of any company. However, individual competitive actions fail to deliver the desired outcome unless they are brought into consistency both with the rate and the nature of change in the environment. For
developing countries like Georgia, such individual competitive action has not been considered in previous studies thus creating a theoretical gap.

Accurate design of targeted individual action requires assessment of the surrounding environment and the level of volatility. In that regard, marketing intelligence, identified by Presser (2013) as a valuable commodity to become aware of the external environments, facilitates understanding the nature of the surrounding changes. For Georgia, with a weak marketing intelligence model, individual competitive actions have to be determined with a comprehensive understanding of the nature in which the industry has to develop and operate. More importantly, with a strong marketing intelligence model local apparel manufacturers are likely to better understand the characteristics of competitive environment and coordinate targeted competitive actions (Chen, 1996).

2.12 Dynamic capabilities - a source of competitive advantage in the apparel manufacturing industry

Teece & Pinaso (1994, p.1) elaborated on dynamic capabilities as a firm's source of competitive advantage that emphasizes two aspects. "First, it refers to the shifting character of the environment; second, it emphasizes the key role of strategic management in appropriately adapting, integrating, and re-configuring internal and external organizational skills, resources, and functional competences toward changing environment". Teece et al. (1997) refer to dynamic capabilities as a framework that aids in analysing the sources and methods of wealth creation and survival in the changing environment.

The notion of dynamic capabilities remains vague in post-Soviet Georgia’s developing apparel industry. This can be attributed to the existing weak marketing intelligence model and the consequent absence of relevant information that creates a void in determining ways to create wealth and survival in the competitive apparel industry. Effective responsiveness hinges on a company’s ability to perfectly understand information coming from the competitive landscape. The existing faulty marketing intelligence model creates visible information vacuum between local and global apparel landscapes that negatively affects the local manufacturers’ responsiveness to both local and global apparel market needs.
In the light of growing competition, quick responsiveness to environmental changes has turned into a vital success factor for companies. As Homburg et al. (2009, p. 18) state: “to survive and prosper in a competitive marketplace, an organization must strive to respond continuously to opportunities and threats posed by the changing environment.” In this turmoil marketing intelligence, as a tool for systematic collection and analysis of market information, facilitates to increased responsiveness (Öztürk et al. 2012). For Georgia, the existing weak marketing intelligence model and moreover, its irrational application, leaves the apparel industry unable to respond effectively to changing market needs.

Various authors indicated the relevance of speedy response such as: Gresov (1984) refer to responsiveness as an aggressiveness of an organization’s marketplace strategy; Konsynski et al. (2007) interpreted responsiveness as an inter-individual knowledge exchange influencing the capacity of an organization to respond to a changing environment in a specific reasonable way.

According to Rabêlo (2013, p. 5): “from the perspective of dynamic capabilities, organizational responsiveness assumes the role of adaptive capacity, which is reflected in a company's ability to reconfigure its resources and coordinate processes according to the fast-changing environment”. Wang et al. (2007) also highlighted the importance of incorporating and reconfiguring internal and external organizational skills, resources, and functional competencies to align with the requirement of the changing environment. However, for Georgia alignment of resources with external needs remains a challenge. Moreover, no previous studies exist that have highlighted the required functional competencies for developing countries with a weak adaptive capacity.

The marketplace turned into global competition field, where responsiveness serves as a valuable concept focusing on changing customers’ needs that enhance effective and timely response to its external environment (Vinayan et al. 2012). Georgia’s apparel industry has a potential to succeed, especially in the context of rapid global apparel industry developments. However, the weak presence of marketing culture and consequent poor application of marketing intelligence within the local apparel industry creates a deficit of rapid response to market needs.
2.13 Manufacturing flexibility - a source of competitive advantage in manufacturing industries

The notion of flexibility has attracted much attention among scholars, as a competitive strategy observed in major manufacturing industries, such as the automobile industry (Wall, 2003), the textile/apparel industry (DesMarceau, 1999), and the semiconductor/electronics industry (McCutcheon, 2004). Furthermore, the value of flexibility has been extended even to service industries, where firms have increasingly employed cross-trained workers to provide more flexible services (Chou et al. 2010).

Later manufacturing flexibility acquired much attention of scholars. “Manufacturing flexibility is the ability of the system to adapt to changes” (Vao Hop & Ruengsak 2005, p.3605). Another definition is that: “manufacturing flexibility is the ability of the organization to manage production resources and uncertainty to meet various customer requests (Antonio et al. 2007 in Zainol et al. 2013).

Manufacturing flexibility has proved to be a relevant tool in achieving success in manufacturing industries such as: “Honda won its product variety war with Yamaha in the late 1970s, essentially due to its superior manufacturing flexibility (Abegglen & Stalk, 1985). Another example is Levi Strauss which increased manufacturing flexibility along its entire supply chain, using advanced communication and manufacturing technology to offer ‘made-to-order any colour’ jeans at selected outlets” (Goldhar & Lei 1995 cited Narasimhan & Das, 2000, pp. 876-877).

Manufacturing success and survival are becoming more complex and it is believed that low cost and high quality alone are not sufficient to maintain firm's competitive position in market place. Market insecurity, rapid trend development and a frequent influx of innovative products have created a growing need for responsive manufacturing systems characterized by a high degree of flexibility and reconfigurability within operations (Winroth & Jackson, 2007).

According to Malhotra et al. (2010), the acknowledged dimensions of manufacturing flexibility are:

- Volume flexibility;
• Process flexibility;
• Variety flexibility;
• Machine flexibility;
• Product flexibility;
• Routing flexibility;
• Expansion flexibility;
• Control program flexibility.

Manufacturing flexibility has turned into an attractive subject for many scholars (Love 2007; Dishman & Calof, 2007) who argue its benefits, mostly associated with improved strategic decision-making and effective marketing strategy formulation as a result of available intelligence. Despite acknowledged benefits of manufacturing flexibility none of the dimensions have been given importance for implementation in developing countries. Required types of manufacturing flexibility have to be determined for developing countries and relevant resources allocated to enable manufacturing flexibility to deliver value.

Vao Hop & Ruengsak (2005) argued that there were many complicated elements of manufacturing flexibility, therefore understanding the nature of manufacturing flexibility hinged on finding answer to three key questions. These questions are the followings: (i) what factors contribute to flexibility degree of manufacturing systems, (ii) how to measure these factors accurately, and (iii) how to combine these factors to evaluate manufacturing flexibility of a system. None of these relevant factors have been empirically investigated for developing countries with relatively low efficiency and poor marketing culture.

A relatively recent article by Ojha et al. (2013) highlighted that companies should not implement manufacturing flexibility in a piecemeal fashion but rather adopt a holistic approach. The reason is that the holistic implementation of manufacturing flexibility provides an organization with a significantly higher requisite variety. Holistic implementation claims even the higher level of required flexibility which is defined by the competitive environment and requires a strong presence of marketing intelligence.
In the absence of previous research, regarding the implementation of manufacturing flexibilities in developing countries like Georgia, there is a need to develop better theory and learn more about marketing intelligence in developing countries. It will help to identify whether a piecemeal or holistic approach would be suitable for Georgia’s developing apparel industry. The present research will not delve into these details however this might serve as an interesting topic for further scholarly investigation of Georgia’s apparel industry.

2.14 Conclusion

The chapter reviewed the literature on the value of marketing intelligence and its rational application for increasing the competitiveness of post-Soviet Georgia’s developing apparel industry. It comprises 14 subsections. The chapter starts with the introduction. Based on the evidence from related literature, the following subsection focused on the concept and the importance of marketing intelligence as a catalyst for the growth of a company and facilitator for increasing the level of responsiveness to demanding global market needs. It is followed by other considered models in support of the argument of the present research. The subsequent subsection elaborates on the value of marketing intelligence at the global apparel manufacturing market, which serves as a sound basis for being competitive and responsive to global market needs. It is followed by the sixth subsection which focuses on the post-Soviet Georgia’s apparel industry in the light of the global apparel manufacturing. In the following part, consideration is given to the impact of information technology (IT) on manufacturing industries. It focuses on the idea that organizations are forced to formulate strategies in compliance with the modern manufacturing technology as a way to survive in the globally competitive and changing environment. It is followed by hindering factors affecting the functioning of the model. The following subsection concentrates on the competitive environment and the sources of competitive advantage in the apparel manufacturing industry. It describes the environment in which companies have to operate today, which is characterized by being unpredictable, chaotic and turbulent that has significantly boosted the importance of understanding the changing market. The subsequent subsection elaborates on the competitive priorities among which are the followings; a) competitive dynamics - a source of competitive advantage in the apparel manufacturing industry
b) dynamic capabilities - a source of competitive advantage in apparel manufacturing industry c) manufacturing flexibility - a source of competitive advantage in manufacturing industries. This subsection also highlights the need for prioritising these capabilities in developing countries such as Georgia. Finally, the chapter ended with the conclusion.
CHAPTER 3 CONCEPTUAL FRAMEWORK

3.1. Introduction

The intensity of global competition has triggered significant changes in the way companies conduct businesses. To operate successfully in international markets is not an effortless task. It forces managers to have a global mindset, be prepared to understand and deal with different cultures and systems (Baker, 2011).

As noted by Baker (2010, p. 148) even in old times marketing activities took place in a societal context where the exchange was a key. “Since man started transacting goods and services thousands of years ago, the importance of ‘others’ has been recognized. Sellers have tried to identify potential buyers, their needs and how they make evaluations. Buyers learn about sellers and their product offerings”. This model of exchange has become the basis for successful global businesses, where the abundance of massive data forces companies to obtain and process a relevant piece of intelligence. This practice has turned into a sound basis for creating an adequate platform for managing customers’ insights in order to maximize value delivery to customers (Stone et al, 2017).

In that regard, marketing intelligence has acquired wide attention, as a tool for creating value. As noted by Fleisher (2007) the value-adding concept of marketing intelligence is that it facilitates effective decisions, leading to more insightful market-based actions resulting in enhanced financial performance. However, the value of marketing intelligence is linked to the effective processing of intelligence, which is weak in Georgia due to the absence of adequate skills and technology.

Hassan (2012) identified the use of various marketing tools as a way to deliver value to customers. Another scholar Zavodska et al. (2013) argues that value creation is grounded in the appropriate combination of human networks, social capital, intellectual capital and technology, facilitated by a culture of change. Hence, the combination of all above mentioned aspects affects the value creation by effective marketing intelligence model.
However, previous studies largely speculate on the importance of marketing intelligence in the developed countries. The functioning of the model in developing countries remains a neglected area much in need of research. Despite the acknowledged benefits, the existing model of marketing intelligence exhibits flaws that prevent the delivery of value to post-Soviet Georgia's developing apparel industry. The acknowledged model seems to be losing robustness in Georgia's apparel industry. Therefore, the present research aimed to determine the reasons for the malfunctioning of the model by conceptualizing the functioning of the model in Georgian and Turkish factories operating in Georgia.

3.1.1. Social Networking theory

The research problem, expressed in malfunctioning of the standard marketing intelligence model results into the failure to deliver value to Georgia’s apparel industry. This is attributed to the combination of several factors among which poor marketing culture and the consequent ineffective communication both internally and externally are the key. For that reason, it was vital to look at communication and networking in the selected factories.

Network theory refers to the mechanisms and processes that interact with network structures to yield certain outcomes for individuals and groups (Borgatti & Halgin, 2011). Social Network Theory is the study of how people, organizations or groups interact with others inside their network. It helps to better understand the interconnected nature of humanity and the created opportunities (Claywell, 2017). In studies on humans, one major use of social network theory involves analyses of how social network structure influences flow, e.g., of information, innovation (Sih et al, 2009). The selected factories are considered as a social network, which according to Wasserman and Faust (1994, p. 20 in Flaherty et al 2012), is a set of actors and the relation of relations. The structure of a network refers to the pattern of relations. Isolated structures have no relational ties, whereas saturated networks have ties between all the members (Flaherty et al 2012, p. 32). 002 reveals no relational ties, whereas 001 showed saturated ties, where all ties are connected leading to a competitive positioning at the market.

In the light of competitive environment, the value of network structure became significant for diffusion of information that helps companies to ensure effective communication. Rauch, (2010)
highlighted that understanding the properties of networks has long been a core pursuit in sociology. The scholar argues that network structure can transmit social influence and shape opinion formation. In the light of technological developments, the value of companies has been increasingly determined by their ability to innovate. Consequently, at the background of technological advancement, the reshaping of opinion and becoming innovative remain inevitable for the Georgian apparel factories willing to get engage in to export activities.

3.1.2 Process theory of motivation.

Malfunctioning of standard marketing intelligence model in Georgia’s apparel industry is partly attributed to human behaviour and post-Soviet mindset expressed in an unwillingness of both managers and employees to step up the comfort zone and welcome challenges and innovations. Neither the knowledge nor information sharing is a widespread practice in Georgia’s factories that affect the skills development. The staff does not seem to be motivated to contribute to knowledge dissemination for the benefit of the factory. In that regard, Brent (2017) argues on the process theories of motivation as the psychological and behavioural processes that motivate a person to act in a particular way. The author identified several theories that examine how employees within an organization can be motivated, such as: the expectancy theory, the equity theory, the goal-setting theory and the reinforcement theory. However, in the post Soviet environment with the post-Soviet mindset, the desire to be in a comfort zone with less performance prevails. Such environment halts diffusion of knowledge and information that affects flexibility and innovation. Such attitude has a negative impact on the functioning of the standard marketing intelligence model, for which effective communication and dissemination of knowledge and intelligence provide the basis for efficient functioning.

3.2 Conceptual framework

Conceptual frameworks are of high importance since they can provide a deep understanding of the existing challenge and offer guidelines for adequate remedy (Burnard & Bhamra, 2011). The conceptual framework in this chapter illustrates the standard MI model functioning in the Turkish factory (001) and in the local factory (002). The designed framework for MI functioning
in 001 and 002 enables to visualize how the standard MI model is operating in the developed VS developing marketing background and developing countries. Apparently, the functioning of the MI model in Georgia’s apparel industry is weak and ineffective that devalues the benefits of MI model. Such background threatens survival and the further existence of the whole apparel industry, since most of the Georgian factories share the same practice.

The provided framework visualized the communication flow and networking in the local (002) and Turkish factories (001). The CF contributed to the limited empirical evidence surrounding the effective functioning of MI model due to poor communication and networking in Georgia’s factory. The assumed hindering factors create a gap in understanding the value of MI model in 002, which is linked to profitability, better positioning and the increased competitiveness of the industry. It highlights the differences in attitude, IT infrastructure, networking and the capabilities of the participant factories.

Competitive landscape constantly releases information, available to all global competitors. However, Cyert & March (1992 in Campos et al. 2014) argued that obtained information on the competitive environment was not accessible without adequate resources to obtain and process it. Hence, the inputs to effective marketing intelligence model can be viewed as intelligence generation, dissemination and application for improved decision-making that can lead to better responsiveness to global market needs and increased competitiveness.

The concept of an effective marketing intelligence model perfectly fits the developed countries. However, it creates a gap in the related literature regarding the effective functioning of the model in developing countries such as Georgia with an emerging economy. Association between marketing intelligence and competitiveness has been investigated in several studies (Cavusgil et al. 1993; Lewis, 2006; Lui, 2010; Beard, 2012). As seen from the literature review, marketing intelligence has turned into more valuable input to become competitive, gain market leadership, improve positioning, and higher responsiveness to market needs that aids in creating value. Below is provided the functioning of the standard marketing intelligence model in Turkish factory 001. The determinants of the effective model are based on related literature.
Figure 3.1 illustrates the way standard marketing intelligence model contributes to the higher competitiveness of 001. Losee (1997 cited May & Lending, 2015) argued that information might be understood as a value, either attached to a particular characteristic or produced by a process. In the context of marketing intelligence model, this value would be anything meaningful produced by a process of its rational application. In the case of 001, the value attached to marketing intelligence is its rational application that leads to a higher competitiveness.

However, the standard marketing intelligence model fails to deliver value to Georgia’s apparel factory (002). The assessment of Georgia’s apparel industry undertaken by Bishop (2011) showed a big difference between local and Turkish factories operating in Georgia. Georgian factory with a weak marketing background and Turkish factory with a strong marketing
background revealed differences in efficiency, performance and competitiveness. The results of the assessment support the assumption that there is a significant information loss between Georgia’s apparel industry and the competitive environment, leaving industry representatives unable to take hold of the relevant intelligence and respond to global apparel market needs effectively. Significant information loss makes the existing marketing intelligence model ineffective in Georgia’s apparel industry.

To understand the phenomenon, the researcher has developed a framework based on the idea first launched by Powell & Allgaier (1998) that intelligence data can be rendered unable to deliver value, unless properly applied and integrated into a decision-making process. This in turn hinders the responsiveness to market needs and consequently affects the level of competitiveness. Below is provided the standard marketing intelligence model which fails to deliver value to Georgia’s apparel factory (002).
The acknowledged beneficial marketing intelligence model fails to operate effectively and deliver value to post-Soviet Georgia's developing apparel industry. Despite local factories' equal access to intelligence, its processing and application seem to be a challenge that deprives the apparel industry of competitiveness. The assumed factors to the malfunctioning of the existing
standard marketing intelligence model are: the skills, the poor presence of marketing culture and
the consequent poor perception of marketing intelligence among Georgia's apparel industry
representatives (EPI-USAID, 2011). According to Evans & Schlacter (1985) and Meunier-
FitzHugh & Piercy (2006) poor internal structure of organizations can serve as one of the
possible detriments to the meaningful exchange of intelligence. Therefore, internal structure was
assumed to be one of the hindering factors for effective functioning of the model. In addition, the
wrong attitude, as a result of post-Soviet environment, is considered a hindering factor for all
industries, not only for the apparel: therefore, the inclusion of this factor was relevant to assess
the model.

By tracking information flow and marketing intelligence application in Georgian and Turkish
apparel factories operating in Georgia, the researcher observed the intelligence dissemination and
communication process. The delivered framework visualized the impact and value of effective
marketing intelligence model in 001 resulting into effective communication, better positioning, a
higher level of competitiveness and a higher profitability. The contrary process was observed in
002 which one more time highlighted the value of an effective MI model.

3.3 Discussions of the models

As discussed in the literature review, the valuable link between marketing intelligence and
competitiveness is well established (Cavusgil et al. 1993; Lewis, 2006; Lui, 2010; Beard, 2012).
The purpose of the conceptual framework is to demonstrate this valuable link between marketing
intelligence and competitiveness, with the key focus on the rational application of marketing
intelligence to enhance the competitiveness of Georgia’s apparel industry. This is obvious in the
Turkish factory 001. The model illustrates how the strategic application of marketing intelligence
leads to a higher level of competitiveness (Figure 3.1).

The designed frameworks for MI functioning in 001 and 002 enabled to visualize how the
standard MI model is operating in the developed VS developing marketing background and
developing countries.
The model seeks to observe the process of information dissemination in both factories with the focus on identifying the factors preventing the effective information flow, which apparently has an influence on the competitiveness of Georgia’s apparel industry. A closer look at the functioning of the standard model helped to demonstrate the link between the effective use of marketing intelligence and the competitiveness in the Turkish owned factory (001). The contrary process was observed in the local factory 002, which revealed poor dissemination of intelligence, information loss and low responsiveness to global apparel market needs, all contributing to the competitiveness of industry. According to Trim (2004), inadequate information flow within an organization can result in the following: the duplication of information sources, information fragmentation, and information loss in the system, weak decision making and inappropriate plans. Some of these aspects are apparent in 002.

As shown in the conceptual framework, the comparison of the two factories - one Georgian and one Turkish - revealed irrational application of marketing intelligence in the local apparel factory (002) (Figure 3.2). It has implication in poor intelligence dissemination and processing that contribute to weak responsiveness to global apparel market needs. This is evidenced in weak responsiveness to global market needs. Moreover, strategic decision-making within the local apparel factory (002) is based on loose intelligence that leads to low profitability and limited presence both at the global and local markets. All these factors trigger the low level of competitiveness which can partly be attributed to still prevailing poor marketing culture, the absence of relevant skills and the consequent poor perception of marketing intelligence among local apparel industry representative.

As shown on both models the competitive landscape releases information which is available for all rivals. More information is being generated today which is available more than ever before. However, not all available information is pertinent to competitive advantage and decision making. Moreover, much information that is potentially valuable is often not readily available, therefore ambitions companies need to know how to obtain and analyse it (Lewis, 2006).

Rational application of obtained relevant intelligence seems to be available for those companies having appropriate marketing intelligence model, enabling timely dissemination, processing and application. As noted by Menon & Varadarajan (1992), in the so-called information society,
adequate information must be used effectively to succeed in the intense competitive environment. Based on the literature, the framework assumes that an effective marketing intelligence model provides valuable information to companies which, if well processed and integrated into a decision-making process, can lead to more successful business. This, in turn, provides the basis for enhancing profitability and reinforcing positioning both at the international and local markets.

The formulated model aims to demonstrate the benefits of an effective marketing intelligence model which serves as a strategy to enhance the competitiveness of 001 (Figure 3.1). However, based on the literature the effectiveness of the model remains contingent on the rational application of intelligence (Menon & Varadarajan, 1992; Powell & Allgaier, 1998; Fleisher, 2008; Presser, 2013). The model of 001 factory (Figure 3.1) demonstrated how the effective use of marketing intelligence could influence the competitiveness of factories by being more flexible, proactive and responsive to market needs.

In view of the research objectives, the focus was placed on the developed conceptual framework to better understand the relationship between the assumed factors and the degree of their influence on increasing the competitiveness of Georgia's apparel industry. A closer look at the existing faulty model revealed weaknesses, which aided in identifying the immediate and long-term remedies to make it operable for the apparel industry. However, to make the model fully relevant, further practical problems in contemporary manufacturing system must be investigated (Yoon, 2012).

Based on the available literature on the importance of marketing intelligence, (Hutt & Speh, 1989; Mochtar & Arditi, 2001; Trim & Lee, 2007; Öztürk et al. 2012; Presser, 2013; Trainor et al. 2013; Negi et al. 2014; Albescu & Pugna, 2014), Figure 3.2 illustrates the assumed factors, preventing the effective functioning of the existing marketing intelligence model. Both internal and external hindering factors deserved equal attention. Vazquez-Avila et al. (2014) in their recent report highlighted that small and medium enterprise in countries with low industrial development experienced limitations reflected in poor infrastructure and limited government support that significantly hindered the competitiveness of all enterprises.
However, in the present framework, the major focus is on the internal factors still hindering the competitiveness of Georgia's apparel industry such as: marketing culture, the internal structure of the factories, management skills and general attitude and perception displayed towards the relevance of marketing intelligence application. One of the key contributors to the malfunctioning of the existing marketing intelligence model is the absence of adequate skills capable of dealing with the intelligence, as well as technical skills. The absence of technical skills affects the competitive priorities in the apparel industry such as: flexibility, quality, innovation, the speed of delivery. It also affects the dynamic capabilities of the factories to: “reconsider sources and coordinate processes according to fast changing environment” (Rabêlo, 2013.p.5).

To fully understand the problem, the researcher has assessed the participants' point of view on the importance of the strategic application of marketing intelligence for a more comprehensive understanding of the problem. By understanding their perceptions and the relevance they ascribed to the malfunctioning of the model, the existing challenge from different angles could be examined, since part of the challenge was embodied in human behaviour and attitudes. In that regard, among the key obstacles to the malfunctioning of the model, incorporated into the conceptual framework, were attitudes and perceptions, as well as skills to analyse obtained intelligence. This helped to measure the extent to which local factories in Georgia considered the importance of the rational application of marketing intelligence model. It also aided in identifying the reasons for the lack of regard to its value.

The interviewees for the present research were factory managers and/or deputy managers of preselected apparel factories well aware of developments and weaknesses within the apparel industry. The interviewed managers have a minimum of five years of experience in the leadership role in the factories trying to launch their businesses successfully. The selected respondents were familiar with the existing practical problems encountered in the industrial practice consequently they were expected to provide valuable insight to the research. The research process has revealed a need for more interviews therefore in addition to official 10 interviews the researcher conducted forty - seven unofficial interviews with the followings: three other factories in Batumi, one factory in Kutaisi, seven factories in Tbilisi, former leader and deputy leader of the USAID project – EPI Georgia, two international experts of USAID,
representatives of the vocational educational centre, three other Government representatives, two other members of Tbilisi Fashion week, two other members of the association and three Georgian fashion designers. The interviews were conducted with different groups such as: apparel factories, the Government of Georgia, apparel & footwear association, Tbilisi fashion week, experts from the USAID project and Georgian fashion designers. Due to researcher’s involvement in the apparel sector development, access to all potential interviewees was ensured.

The research aimed to extend prior research papers by developing and empirically validating a theoretical framework that integrated relationships between the rational application of marketing intelligence and the competitiveness of developing apparel industry of post-Soviet Georgia. In addition, the designed frameworks for MI functioning in 001 and 002 enabled to visualize how the standard MI model is operating in the developed VS developing marketing background and developing countries.

As noted earlier, prior research studies in this area have several shortcomings that neglect the effective realization of marketing intelligence model in developing countries such as Georgia where the environment is different. Hence, the inputs to the model such as: rational application of marketing intelligence, management skills and attitude, internal structure and environment were subject to more detailed investigation and adjustment.

Drawing on an established body of literature on marketing intelligence, the present research represents one of the first studies to provide empirical evidence to validate the impact of marketing intelligence and its rational application on the competitiveness of post-Soviet Georgia’s developing apparel industry. The contribution of the research is two-fold: (1) development of a viable marketing intelligence model that will have a significant impact on the industrial practice in Georgia’s apparel industry, (2) provide empirical evidence on the role of the rational application of marketing intelligence in creating competitive apparel industry in post-Soviet developing Georgia.
3.4 Conclusion

The chapter consists of six subsections: introduction, social network theory, theory of motivation, conceptual framework, discussions of the model and conclusion.

A conceptual framework was proposed that explained the functioning of the standard model in the Turkish factory (001) and in local factory (002) which revealed apparent faults. Differences in descriptions, provided by the framework, illustrated the process of information dissemination that served as an input to strategic decision-making, leading to improved profitability and a high level of competitiveness in Turkish factory (001) operating in Georgia and the opposite process in local apparel factory (002).

The empirical research aimed to revealing how the inputs in the proposed model such as: marketing intelligence, management skills, attitudes and perception and internal structure complemented each other and aided the process of building a competitive apparel industry. Throughout the research process related literature was employed to better understand the interaction between the variables such as: marketing intelligence and competitiveness of the apparel industry and how they contributed to creation of a competitive apparel industry in Georgia. The research attempts to contribute to scientific advancement in the study of marketing intelligence and an attempt to address the research question: “Why does the existing marketing intelligence model fail to deliver value to post - Soviet Georgia’s developing apparel industry?” It facilitated identifying the degree to which the presence and rational application of marketing intelligence affect the competitiveness of Georgia’s apparel Industry.

Based on the distinctions observed within local and Turkish apparel factories, it can be concluded that through the rational application of marketing intelligence, local apparel manufacturers would be more capable of successfully responding to global apparel market needs. The present research highlights some factors that drive the creation of a competitive apparel industry in developing countries with emerging markets, leaving room for more research in this area.
CHAPTER 4 RESEARCH METHODOLOGY

4.1 Introduction.

The present methodology chapter is organized in the following form. It comprises 10 subsections. The chapter commences with the introduction of three types of research designs which are qualitative, quantitative and mixed methods, followed by justification for selecting the appropriate research design. The next subsection moves to a discussion of research philosophies and justification for the applied philosophy in the study. The subsequent subsection deals with the research approaches and the rationale behind the selected approach. The following part focuses on research strategies and, particularly, on the strategy chosen for the present research. The next part covers research choice and the one selected for the present research. It is followed by time horizon of the present research. The subsequent part concentrates on data collection techniques, succeeded by data analysis. The following chapter elaborates on ethical consideration of the research. Finally, the chapter ends with the conclusion.

Saunders et al. (2009) argued that often researchers undertook the wrong turn by judging whether to administer questionnaire or conduct the interview. For that reason, the authors introduced the research onion shown in Figure 01, where this aspect is central in researcher’s consideration of their research design. It implies that initially, outer layers must be peeled away in order to take the right decision for the research. Hence, with the consideration of the layers, the researcher took the decisions that aided in the right research design decisions.
Table 4:1 Summarises the adopted research methodology of the study

<table>
<thead>
<tr>
<th>Research philosophy/paradigm</th>
<th>Interpretivism</th>
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<tbody>
<tr>
<td>Research design</td>
<td>Qualitative</td>
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<td>Research purpose</td>
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<td>Research approach</td>
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<td>Research strategy</td>
<td>Case study</td>
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<td>Research time horizon</td>
<td>Cross-sectional</td>
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<td>Research sampling technique</td>
<td>Non-probability purposive sampling</td>
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<tr>
<td>Data collection tools</td>
<td>Individual, semi-structured interviews. The interviews were complimented with the related reports to validate the interviews.</td>
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<tr>
<td>Data analysis</td>
<td>Thematic analysis</td>
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4.2 Research paradigm & research philosophies

Jonker & Pennink (2010) refer to research paradigm as a perception of the researcher on the world. For a more comprehensive understanding of a research paradigm, two main philosophical dimensions need to be viewed namely, ontology and epistemology. Ontology is related to
assumptions one holds about the reality. Whereas epistemology deals with the way knowledge is comprehended and deemed acceptable.

Research philosophy relates to knowledge development and the nature of that knowledge. Adoption of a research philosophy at the onset of any research is of paramount importance in terms of articulating the assumptions of the researcher concerning reality. These assumptions will emphasize selected research strategy and the methods chosen as a part of that research strategy. The major issue is the researcher’s ability to reflect upon the chosen philosophical choices and defend them in relation to other disregarded alternatives (Sanders et al. 2009).

A number of theoretical paradigms are discussed in the related literature:

**Positivism** - positivism is viewed as a position in the philosophy of science that focuses on the significance of observation for the development of knowledge, therefore, deems the measurement of phenomena focal to the development of understanding (Fox, 2008). Positivism leads to the production of realistic and credible data. It generates a strategy to collect data from the existing theory to develop a hypothesis. The developed hypothesis is subject to testing, confirmation or refutation, providing basis for further research or testing. This represents a case when the researcher has a preference of working with an observable social reality and the result of such research can be: "law-like generalizations similar to those produced by physical and natural scientists" (Sanders et al. 2009, p.113).

However, critics of positivism argue: “insights in the complex world can be lost, once such complexity is minimized to law–like generalization” (Saunders et al. 2009, p. 144).

**Post-Positivism** - post-positivism opposes positivism and accepts approaches to knowledge growth discarded by positivism as unscientific. Post-positivism accepts knowledge theories and the idea that values of the researcher can affect the subject of observation. However, similar to positivists, post-positivists pursue objectivity by recognizing the possible effects of biases (Fox, 2008).

**Interpretivism** - “The interpretivist/constructivist researcher seems to rely on the participants' outlook of the situation being viewed and considers the influence on the research of their own background and experiences” (Creswell, 2003, p.8). Central to interpretivism is that the
researcher is a part of the social world subject to research and perceives it from their viewpoint. “There is an opinion that interpretivism suits the business and management research particularly in marketing and human resources management” (Mackenzie & Knipe, 2006, p.6).

Critics of interpretivism pose questions on generalisability of research and on capturing the rich complexity of social situations, however interpretivism advocates that generalizability is of less importance in the light of changing nature of business organizations (Saunders et al. 2009).

**Advocacy/participatory worldview** – “Advocacy/participatory researcher claims knowledge through an advocacy/participatory approach. Such researchers consider that inquiry has to be combined with politics and a political agenda” (Creswell, 2007, p.9).

**Pragmatism** - “Pragmatism is based on the view that ideas make use of their meaning from practical real world consequences. Pragmatism argues that, individual actions and experiences were the most practical and sound foundation for decision-making. This action-oriented environment was where an interdependent version of theory-practice knowledge developed” (Melles, 2008, p. 91).

Tashakkori and Teddlie (1998) argue that “pragmatism is instinctively appealing, due to the fact that evades the researcher’s engagement in relatively pointless debates about such concepts as truth and reality”. They believe that human beings have to “study what interest them and what is valuable and apply the results in ways that could bring positive consequences within the value system” (Tashakkori and Teddlie 1998:30 in Saunders et al. 2009, p. 109).

4.2.1 Philosophical worldviews selected for the present research paper – interpretivism

With the consideration of the above research philosophies and the nature of the research problem, which requires qualitative methods approach, it was deemed appropriate to apply interpretivist philosophy. Central to interpretivism is that the researcher is a part of the social world subject to research and perceives it from their viewpoint. "There is an opinion that interpretivism suits the business and management research particularly in marketing and human resources management" (Mackenzie & Knipe, 2006, p. 6).
The interpretivist philosophy selected for the present research was determined by the research question which is:

*Why does the existing marketing intelligence model fail to deliver value to post-Soviet developing Georgia’s apparel industry?*

The existing faulty marketing intelligence model prevents effective communication and efficient dissemination of intelligence, and hence creates information loss between the local apparel industry and the competitive landscape, which releases information. Therefore, despite the acknowledged link between marketing intelligence and competitiveness, the existing marketing intelligence model fails to deliver value to Georgia, which suffers from a significant competitiveness gap (EPI-USAID, 2011). In order to better understand the research problem, the researcher needed to gain deeper insight to understand this phenomenon and difference between humans, since the research is conducted among humans. As outlined above, the interpretivist/constructivist researcher relies on the participants' views of the situation being considered (Saunders 2009). In order to answer the research question: “Why does the existing model of marketing intelligence fail to deliver value to Georgia's developing apparel industry”, there was a need to look at the participants' perception on the importance of marketing intelligence and its rational application.

Constructivists emphasize that the truth is relative and dependent on an individual’s perspective. Therefore, understanding the attitude, perceptions, behavioural factors and perspectives of the apparel industry representatives, as well and the meanings participants attach to a phenomenon, can help to disclose the reasons for the malfunctioning of the model (Patton & Cochran, 2002).

One of the key benefits of interpretivist-constructivist paradigm is a close cooperation between the researcher and the participant that enables the researcher to hear the stories from participants, share their beliefs that aids to better understanding their behaviour and vision (Baxter & Jack, 2002). Cooperation with the apparel industry representatives from 2011 to 2014 and a consequent fieldwork that has been taking place during these years enabled the researcher to capture a richer story on the research problem. Through the fieldwork, the researcher obtained a deeper understanding of the research problem and looked at the problem from different angles. Close collaboration with the participant factories and other related parties, in consideration of
contextual background, provided a more comprehensive picture that added benefit to the research process and provided the basis for the case study research. Such environment created the applied nature of the research that aided in solving the practical problems hindering the effective functioning of the existing MI model in Georgia’s apparel industry.

Data obtained from individual semi-structured interviews both from official and unofficial interviews helped in identifying weaknesses of the model and hindering factors that prevent its effective operation. Interviews with different parties such as the apparel factories in Georgia, apparel and footwear association of Georgia, the Government of Georgia, Tbilisi fashion week, USAID local and international experts, vocational educational centre and Georgian fashion designers indeed provided the comprehensive story. However, interviews were complemented by related reports to validate them.

4.3 Research methods and appropriate choice for the present research

In order to answer the research question, it is critical to employ an appropriate research methodology. According to Ansari (2012), research methodology explains the methods applied which involve learning of various techniques that aim at using the right procedures to deploy the research. However, research method - implies methods applied for conducting the research, it represents a part of the research methodology.

According to Creswell (2009), research methods involve the form of data collection, analysis, and interpretation that researchers propose for their studies. Three types of designs are discussed below, which are qualitative, quantitative and mixed methods research designs and the criteria for selecting the appropriate research design for the present research.

4.3.1. Quantitative research

“Quantitative research adheres to tradition, works on distinct matters and produces reliable figures” (Jonker & Pennink, 2013, p. 38). According to Creswell (2003) in a quantitative study, the researcher mostly uses postpositive claims in order to develop knowledge and applies strategies of inquiry such as experiments and surveys. Quantitative research is considered to be
scientific, reasonable and accurate which is based on facts frequently implied in precise figures. Data collection is conducted with the use of predetermined instruments that produce statistical data. A supporter of quantitative research takes deductive approach.

4.3.2. Qualitative research

Qualitative research - in a qualitative study the researcher attempts to better understand a phenomenon from participants’ viewpoint and this is be done through interviews. “A simple explanation of qualitative techniques can lead researchers to consider the appropriateness of any procedure resulting in nominal rather than numerical data. The qualitative research attempts to answer the questions by exploring diverse social settings and individuals within the settings. Qualitative researchers tend to be interested in the human settings and how they make sense of the environment through symbols, rituals, social structures, social roles, and so forth” (Berg, 2001 . p.7)

4.3.3 Mixed methods

Mixed methods research – Ritchie & Lewis (2003) argued that despite some negative attitudes in mixing qualitative and quantitative methods, due to diversity in their philosophical and methodological origins, they recognized the benefit of blending them.

Dawson (2002) noted that neither qualitative nor quantitative research was better, they were simply different, both incorporating strengths and weaknesses. Therefore, the mixed methods design is helpful for capturing the finest of both quantitative and qualitative research designs and reutilizing weaknesses incorporated into each design. In addition, mixed method research design offers the researcher more comprehensive understanding of a problem and greatly facilitates bringing clarity to a research problem (Bernard, 2006) (Thamhain, 2014).
4.3.4 Criteria for selecting the appropriate research design - qualitative research

The present research investigates marketing intelligence as a strategy to enhance the competitiveness in the apparel industry of Georgia and address the research question: “why does the existing marketing intelligence model fail to deliver value to post-Soviet Georgia's apparel industry?” In that regard, application of qualitative method facilitated a more comprehensive understanding of the research problem. Qualitative research is viewed to be interpretive, which enables the researcher to make an interpretation of data. Cresswell (2007, p. 21) highlights that “it includes developing a description of an individual or settings, evaluating data for themes/categories, interpreting or drawing conclusions about its meaning, identifying the lessons learned and proposing further questions”.

Qualitative researchers are concerned with the way people interpret their knowledge, construct their worlds and meanings they ascribe to their experiences. The rationale is to realize how people make sense of their lives and their experiences (Merriam, 2014). In an effort to investigate marketing intelligence, as a strategy to enhance competitiveness in the apparel industry, there was a need to look at the participants’ view of the situation being studied. The research problem intrinsically concerns human behaviour, knowledge, attitudes and the degree of value participants ascribe to a phenomenon, revealed in the malfunctioning of the existing marketing intelligence model that failed to deliver value to post-Soviet Georgia's developing apparel industry. Hence, application of qualitative inquiry was the best suitable option, since it concentrates on a meaning in context, where interpretation, observation and analysis are the key.

According to Cresswell (2007), qualitative research aids in exploring meanings humans ascribe to a problem. The research process encounters rising questions and data collection which is taking place in the participants’ setting inductively with the focus on individual meanings. The researcher followed qualitative research and applied interview method to obtain relevant data and understand participants’ view and the importance they ascribed to marketing intelligence. It helped in identifying the major challenges that still hinders the effective application of marketing intelligence model.

Qualitative data was obtained from official ten semi-structured interviews with the managers of preselected two factories based on an inductive approach. The selection of one Turkish factory
was purposeful among the existing four Turkish factories operating in Georgia, since it represents one of the biggest and the most successful foreign-owned local factories where most of the international brands outsource. On the other hand, selection of Georgian factory out of the existing ten factories was based on the following criteria: flexibility, innovative character and the size. According to the USAID assessment, this is the biggest, the most flexible and innovative factory which has long been providing apparel for the local army (EPI-USAID, 2011). However, the research process has revealed a need for more interviews therefore in addition to official 10 interviews the researcher conducted forty-seven unofficial interviews with the followings: three other factories in Batumi, one factory in Kutaisi, seven factories in Tbilisi, former leader and deputy leader of the USAID project – EPI Georgia, two international experts of USAID, representatives of the vocational educational centre, three other Government representatives, two other members of Tbilisi Fashion week, two other members of the association and three Georgian fashion designers. The interviews were conducted with different groups such as: apparel factories, the Government of Georgia, apparel & footwear association, Tbilisi fashion week, experts from the USAID project and Georgian fashion designers.

4.4. Research approaches and rationale of the selected approach

As noted by Babbie (2010), scientific investigation in practice usually incorporates two alternative choices between deduction and induction. Therefore, when conducting research, the research approach chosen has to be clear at the onset. The major dissimilarity between inductive and deductive research approaches relates to the existence and placement of hypotheses and theories.

4.4.1 Deductive approach

The deductive approach involves the development of a theory subjected to test. It is the dominant research approach in the natural sciences, where according to Saunders et al. (2009, p.124): “the laws present the basis of explanation, allows the anticipation of phenomena, predicts their occurrence and therefore permits them to be controlled".
4.4.2 Inductive approach

The inductive approach follows data collection with consequent theory development. "Inductive theories reason from specific observations to general patterns" (Sanders et al. 2009, p. 27). The critics of deductive approach argue on the cause - effect link between particular variables without understanding the way in which humans interpret their social world. Such criticism added strength to inductive approach.

4.4.3 Combining both inductive and deductive approaches

As noted by Ali & Birley (1998), general consensus suggests that it is not possible to use existing theory to conduct an investigation when the aim is to develop theory. However, sometimes researchers, particularly in the field of marketing or management, find themselves in a situation where despite the use of theory as a guide for an investigation, they are developing theory rather than testing. In that case, the data may need to be gathered on an inductive/qualitative basis.

Cresswell (1994) also emphasizes the presence of a false dichotomy and that researchers should make the most efficient use of both qualitative and quantitative types of research in understanding social phenomena. Even Wolcott (2002, p. 99 cited Johnstone, 2004) noted that, placing the designs in opposition, does a great disservice by detracting from the contribution to be made by each.

4.4.4 Rationale for the selected approach - inductive approach

Due to the nature of the present research, which is located in interpretivist philosophy, with the qualitative research design, the presence of adequate qualitative data is important. To address the research question: “Why does the existing marketing intelligence model fail to deliver value to Georgia’s developing apparel industry?” the researcher followed semi-structured, individual interviews. Comprehensive understanding of the research problem required closer look at the perception, beliefs and attitudes the apparel industry representatives display towards the issue. In that regard, data gathering was conducted through inductive approach (Johnstone, 2004).
4.5. Strategies of inquiry

According to Creswell (2007), the researcher not only has to select qualitative, quantitative or mixed method study to conduct, but also select a type of study within these choices. Strategies of inquiry represent qualitative, quantitative or mixed methods models providing explicit guidelines for procedures in a research design. As a result of technological advancement, data processing has achieved more sophisticated level, hence strategies have grown over the years. Strategies for inquiry vary for qualitative, quantitative and mixed methods.

4.5.1. Strategies of inquiry for quantitative research - experimental design, non-experimental design such as survey

Strategies of inquiry for quantitative research are: experimental design – a technique that tries to determine specific treatment influencing an outcome and non-experimental design such as survey, which results in numeric description of trends, attitudes, and opinion of a studied population.

**Experiments:** - “In experimental research the researcher can intervene. Pure experiments comprise a control group, an experimental group and a random classification of those involved with the research” (Jonker, 2013, p. 72).

**Survey:** According to Kothari (2004, p.112): “survey refers to the method of securing information concerning a phenomenon under study from all or a selected number of respondents of the concerned universe”. In a survey, the researcher examines those phenomena which exist in the universe independent of his or her action.

4.5.2. Strategies of inquiry for qualitative research - narrative research, phenomenology, ethnography, grounded theory, case study

**Narrative research** – a strategy of inquiry in which the researcher is having direct access to stories through interviews about individuals’ lives and later information is restored in a narrative chronology (Creswell, 2007).
**Phenomenological research:** the researcher identifies “the core of human experiences regarding a phenomenon, as explained by participants in a study. Becoming familiar with the lived experiences marks phenomenology as a philosophy and a method, and the procedure views studying a small number of subjects through general and long engagement to develop patterns and relationships of meaning” (Creswell, 2007, p.17).

**Ethnography:** It represents a time-consuming strategy aimed at describing and explaining social world inhabited by the research subjects in a way they describe it (Sanders et al. 2009). As noted by Burton & Steane (2004, p. 165): "ethnography implies the researcher personally observing a group of people, their customs and behaviour patterns in their natural setting. The focal point is depicting and interpreting a group of actors and their cultural system".

**Grounded theory:** Glaser (1992, p.16 cited Douglas, 2003) defines grounded theory as a: “general methodology of analysis linked with data collection that uses a systematically applied set of methods to generate an inductive theory about a substantive area”. According to Goulding (2002), grounded theory seems to be particularly helpful for predicting and explaining behaviour with the focus on developing and building theory.

**Case study:** Robson (2002) refers to case the study as a strategy for doing research, an empirical investigation within real life. It is considered as an empirical investigation of a particular contemporary phenomenon with the ability to find an answer on questions like why, what and how. Eisenhardt (1989 cited Rowley, 2002) refers to case the study as a tool of qualitative research which is particularly accommodating for research areas where the existing theory seems inadequate. According to Soy (2006), case study tool brings better clarification of a complex issue or add strength to what is already known through previous research.

According to Thomas (2011, p. 23): “case studies represent the analyses of humans, events, decisions, periods, projects, policies, institutions or other systems which are studied through application of one or more methods”. Case studies are predominantly valuable in the circumstances where the researcher is looking for a wider picture and analytical insight from investigation since it offers opportunities to look at the issues from many angles.
Yin (2003, p.1) argued about the benefits of case study application as a “research strategy that greatly contributed to knowledge of individuals, groups, organizational, social political and related phenomena. Case studies are considered to provide a more holistic understanding of real life events such as individual life cycles, organizational and managerial processes, international relations and maturation of an industry”.

4.5.3. Strategies of inquiry for mixed methods research - sequential, concurrent and transformational methods

Sequential mixed methods: the researcher tries to enhance the results of one method with another method. “This may consider starting with a qualitative method for the purpose of exploration and continue with a quantitative method with a large sample in order to enable the researcher to generalize results to a population. On the other hand, it may start with a quantitative method where theories and concepts are subject to testing, followed by a qualitative method involving detailed examination with a few cases or individuals” (Creswell, 2003, p. 10).

Concurrent mixed methods: the researcher combines both quantitative and qualitative data in order to ensure more inclusive and sophisticated analysis of the research problem. In this design, the researcher collects both forms of data concurrently during the study, followed by incorporation of obtained information in the explanation of the overall results (Creswell, 2003).

Transformative mixed methods: "the researcher uses a theoretical lens that encloses both quantitative and qualitative data. It provides a frame for topics of interest, methods for collecting data and outcomes or modifications expected from the study" (Creswell, 2003, p.16).

4.5.4. The rationale for the selected strategy of inquiry - case study.

As noted by Yin (2003), there are circumstances under which the use of case study design provides the best solution, such as: (a) when the focal point of the study is to find answers to "how" and "why" questions; (b) when the researcher cannot influence the behaviour of those engaged in the study; (c) there is a need to cover the background since the researcher believes that it is pertinent to a phenomenon being considered.
The case study method was chosen since there was a need to look at the wider picture for analytical insight. It allowed the researcher to view the issues from many angles. In addition, the case deals with the question “why” in order to find out the reasons for the malfunctioning of the existing marketing intelligence model in post-Soviet Georgia’s apparel industry. To address the research issue the researcher had to deal with the reasoning and decision-making process of participant apparel factory managers, and to understand whether they integrated marketing intelligence into a decision-making process and what was the outcome. However, comprehensive understanding of the problem required full consideration of the contextual background, which still contains post-Soviet traces that affect their thinking and mindset.

Being a part of the USAID project enabled the researcher to undertake four years fieldwork in the apparel industry and team up with the representatives of the apparel and related industries. Collaboration with the stakeholders and the international apparel experts provided access to a wider audience for obtaining a deeper understanding of the industry and of the research problem. More importantly, such environment exposed the researcher to participants’ perspective that provided the basis for a case study research. Both official and unofficial meetings and interviews revealed different attitudes and different concerns over the issue that enhanced the story and provided more details on the research topic.

The comparative case study used for the present research provided a more comprehensive understanding of the distinctions between the factories with strong and weak marketing backgrounds that greatly aided in the whole research problem. The comparison of selected two factories – one Georgian factory and one Turkish factory operating in Georgia, envisaged analysis of similarities, differences and patterns across two cases with a common goal. Specific features of each case were described in depth in order to establish the basis for an analytical framework that was applied in the comparison. Close collaboration with both participant and non-participant factories, as well as with stakeholders, in consideration of contextual background, shed more light on practice related problems. Such environment provided a richer picture of the challenge and reinforced the basis for the case study research. This, in turn provided the basis for the applied nature of the present research that contributed to finding a practical solution to the research problem.
It enabled the creation of a new model of practice that can positively affect the industrial practice and enable practitioners to be more competitive and responsive to market needs. As explained by McBride (2013) applied research examines realistic problems, therefore applied researchers are often concerned with the external validity of their studies which implies that they observe behaviours that can be applied under real circumstances. Consequently, the observed behaviour in the Turkish factory can be applied and pioneered in Georgian owned factories in order to make the existing marketing intelligence model more effective in Georgia’s apparel industry.

According to Goodrick (2014, pp. 2-3), “there are six steps to be considered when conducting a comparative case study, these are:

1. Clarify the key evaluation questions and purpose of the evaluation to determine whether the use of comparative case studies is an appropriate design.

2. Identify initial propositions or theories to focus the comparative case studies, drawing on the program's theory of change.

3. Define the type of cases that will be included and how the case study process will be conducted.

4. Identify how evidence will be collected, analysed and synthesized within and across cases, and implement the study.

5. Consider and test alternative explanations for the outcomes.

6. Report findings”.

4.5.5 The type of case studies and the selected type for the present research

Yin (2003) classifies case studies as explanatory, exploratory, or descriptive.

“Explanatory - this kind of case study is used if the researcher is having an attempt to find an answer to the research question which aims at finding justification for the supposed causal links in real-life interventions which are hard to achieve through survey and experiments.
Exploratory – the aim of this case study is to investigate the situations in which the intervention being estimated has no apparent, single set of outcomes.

Descriptive – the purpose of this case study is to explain an intervention or a phenomenon and the real-life context in which it has taken place” (Yin, 2003 cited Baxter & McMaster, 2008 p. 547-548).

The present research is an exploratory case study aimed at exploring why the existing marketing intelligence model fails to deliver value to post-Soviet Georgia’s developing apparel industry.

4.5.6 Case study designs: single and multiple and the selected design

Single cases offer two alternatives: applying holistic design and embedded unit of analysis. An overall single case study is suitable under one of these situations: when a case is a critical test of the existing theory, a rare case, revelatory or longitudinal. One of the key steps in designing a single case study is the unit of analysis. However, single case sometimes incorporates subunits of analysis for more complex embedded design. A single case study is considered relatively vulnerable due to pressure to put all eggs into one basket (Yin, 2003).

Multiple case study – the researcher concentrates on a number of cases, where each case is less vital than the comparison. The key of this research is to get enhanced understanding and deeper analysis of the culture of the two environments (Thomas, 2011).

4.5.6.1 The selected case study design - multiple case study

The case study design selected for the present research is multiple case study since the researcher was comparing preselected two factories - one local and one Turkish factory, operating in Georgia. In this comparison, each case was less important than the outcome stemming from the comparison and in each case the researcher was interested in better understanding the culture of the two environments which apparently varies. According to Baxter & McMaster (2008, p. 448), “a multiple case study enables the researcher to analyse within each setting and across settings. In this case study, the researcher is evaluating a number of cases in an effort to better understand the similarities and dissimilarities between them”.

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Under the selected case study design, which is multiple case studies, the researcher analysed each factory in order to understand the similarities and differences between them that aided in finding answer to the research question.

4.6 Research choices

Saunders et al. (2009) elaborated on different methodology choices, such as:
Mono method: the method considers application of a single data collection technique and corresponding single analysis procedures (quantitatively or qualitatively) to answer a research question.

Multiple methods: the method considers the application of more than one data collection technique and analysis procedure to answer a research question (combination of quantitative and qualitative). The combination of quantitative and qualitative data collection technique and data analysis procedure can be administered by the use of either multi-method choice or mixed method choice.

Multi-method: the method views combinations where more than one data collection technique is integrated with an adequate analysis technique however, posed restriction allows either a quantitative or qualitative world view.

Mixed method: the method views application of quantitative and qualitative data collection techniques and data analysis procedures either at the same time (parallel) or one after the other (sequential), but does not combine them. It is subdivided into two types: mixed method research and mixed-model research. Mixed method research applies quantitative and qualitative data collection techniques and analysis procedures either at the same time or sequentially but does not combine them. This implies that quantitative data are analysed quantitatively and qualitative data are analysed qualitatively. In contrast, mixed model research combines quantitative and qualitative data collection techniques and procedures as well as combining their approaches at other phases of the research such as generation of research question (Saunders et al. 2009, p. 85).
4.6.1 Research choice for the present thesis - mixed method

Due to nature of the present study, the researcher applied semi-structured individual interviews as a data collection technique however the interviews were complemented by related reports to validate interviews. Due to combination of data collection techniques, the researcher applied mixed method research. According to Saunders et al. (2009, p. 150): “mixed method research applies quantitative and qualitative data collection techniques and analysis procedures either at the same time or sequentially but does not combine them. This means that quantitative data are analysed quantitatively and qualitative data are analysed qualitatively”.

4.7 Research time horizon

Saunders et al. (2009, p.186) refer to the: “snapshot time horizon as cross-sectional while the ‘diary’ perspective is referred to as longitudinal”. They offer the following definition of terms:

**Cross-sectional studies:** referred to the study of a particular phenomenon at a particular time. One of the benefits of a cross-sectional study design is that it enables a researcher to compare numerous variables at the same time. On the other hand, cross-sectional studies may fail to provide certain information on cause-and-effect relationships. This can be attributed to the fact that such studies provide a snapshot of a single moment in time and do not view developments before or after the snapshot is taken (Ebling library, 2016).

**Longitudinal studies:** “the ‘diary’ referred to as the longitudinal study as it is a representation of event over a given period. A longitudinal study, like a cross-sectional one, is observational. So, once again, researchers do not interfere with their subjects. However, in a longitudinal study, researchers conduct several observations of the same subjects over a period of time, sometimes lasting for many years. The benefit of a longitudinal study is that researchers are able to detect developments or changes in the characteristics of the target population at both the group and the individual level. The key here is that longitudinal studies extend beyond a single moment in time. As a result, they can establish sequences of events” (Ebling library, 2016, p.1).

The cross-sectional and the longitudinal studies are both viewed as observational studies. This implies that the researcher records information regarding their subject of study without any manipulation of the study environment (Institute for Work & Health, 2015).
4.7.1 Time horizon chosen for the present research - cross-sectional

In view of the research question and definitions of both cross-sectional and longitudinal horizons, the appropriate time horizon chosen for the present research was the cross-sectional time horizon. The reason for the choice was that the research sought to study a particular phenomenon why the existing model of marketing intelligence failed to deliver value to post-Soviet Georgia's apparel industry at a particular time.

4.8. Data sources

**Primary data:** primary data is considered as data that is originated by the researcher with the aim to address the research question. Primary data was collected from the research participants through individual semi-structured interviews with the consideration of ethics of using people as a source of data (Booth et al. 2003).

**Secondary data:** secondary data was obtained from various academic articles, Georgia's Government reports, Georgia's National Investment Agency (GNIA) reports and reports prepared by the donor organizations such as the World Bank (WB) and the USAID.

4.8.1. Data collection techniques

**Semi-structured interviews:** The researcher applied individual semi-structured interviews to address second, third and the fourth objectives of the present research. It allowed the researcher to create questions during the interviews that added flexibility in investigating details and discussing the existing issues. Semi-structured interviews ensure much better exploration of a problem, potential reasons for its existence and a possible solution that provides a more comprehensive understanding of the situation being studied. The researcher has undertaken ten official and forty-seven unofficial, individual semi-structured interviews with the factory managers of preselected two factories - one local and one Turkish factory operating in Georgia and other factories in Batumi, Kutaisi and Tbilisi, with the Government of Georgia, apparel & footwear association, Tbilisi fashion week, USAID ex-leader and deputy leader of the project.
EPI Georgia, international experts of the USAID, representatives of the vocational educational centre and Georgian fashion designers.

The interviews were conducted with different groups such as: apparel factories, the Government of Georgia, apparel & footwear association, Tbilisi fashion week, experts from the USAID project and Georgian fashion designers. The reason for involving various stakeholders was to obtain a more comprehensive understanding of the research problem.

Semi-structured interviews allowed the two-way communication that had added value to the research process. Conducting a high-quality semi-structured interview permits an attentive planning comprising the following steps: respondents' identification, the number of interviews planned and preparation for the interviews (Keller & Conradin, 2009).

Prior to conducting an interview, the researcher prepared a list of relevant questions and topics to be discussed. However, the order and topics remained undefined. Usually, it depends on the flow of discussions. The initial focus was made on the most sensitive topic. The researcher ensured a friendly environment in order to give way to the natural flow of ideas and opinions. When conducting an interview, the researcher considered Hardon et al. (2004, p. 25) and Laforest (2009) and commenced with the following:

- “Explain the purpose of an interview.
- Explain the means of recording the obtained data.
- Start with a sensitive and relevant topic.
- Use probing questions to clarify points and support more explanation.
- Follow the flow of discussion, but make sure that all relevant topics are covered.
- Act as an active listener and behave in a culturally sensitive way”.

Collected information was assessed to discern meanings through similar or dissimilar patterns and commonalities. The results were interpreted to find an answer to the research problem why the existing marketing intelligence model failed to deliver value to post-Soviet Georgia’s apparel industry (Tesch, 1990 in Jones, 2007).
The interviews were complemented by related reports to validate the interviews. In that regard, the researcher used triangulation of data sources. Denzin & Patton (1999 cited Carter et al. 2014, p.1) identified four types of triangulation: (a) “method triangulation, (b) investigator triangulation, (c) theory triangulation, and (d) data source triangulation. Data triangulation verifies data and research by cross validating the same information. It implies that triangulation of data reinforces research paper due to increased credibility of obtained data”. Consequently, the use of triangulation of data sources enabled the researcher to validate interviews.

Data gathering and processing were strictly subject to each individual participant’s consent attached to participant information sheet. Obtained information served as a valuable input to better understanding the research problem, concerning why the existing model of marketing intelligence failed to deliver value in post-Soviet Georgia’s apparel industry. It facilitated in several areas such as: identification of the limitations of the model that trigger intelligence loss and identification of reasons for the lack of regard to marketing intelligence among local manufacturers. Close collaboration with local manufacturers in Georgia also helped to highlight problems in terms of perception of marketing intelligence, to what degree they considered marketing intelligence as one of the valuable systems for capturing relevant information for rational decision-making.

4.8.2 An interview protocol to record information

The researcher applied an interview protocol to record information during the interviews. The applied procedure envisages the following components: “a heading, instructions to the interviewer, the key research questions, probes to follow the key questions, transition messages for the interviewer, space for recording the interviewer’s comments, and space in which the researcher records reflective notes”. The researcher recorded information from interviews by using notes (Cresswell, 2007, p. 21).
4.8.3 Data analysis - thematic analysis

Qualitative interviews were the main method in the present study to obtain various perspectives on the research questions related to malfunctioning of the standard marketing intelligence model in Georgia’s apparel industry. Qualitative semi structures interviews provided a new insight into a phenomenon, as they allowed the respondent to reflect and reason on a variety of subjects in a different way (Folkestad, 2008, p.1). As a result, interviews with different parties like: the Government of Georgia, apparel industry representatives (different factories in Tbilisi, Kutaisi and Batumi), apparel association, fashion week, Georgian designers and the USAID experts provided valuable judgments and insights into the phenomenon under investigation. Obtained qualitative data was analyzed through thematic analysis, as the most widely used approach to analyzing interviews (Jugder, 2016).

Braun and Clarke (2006, p.97) argue that thematic analysis is a method used for ‘identifying, analysing, and reporting patterns (themes) within the data. The reason I chose this method was that ‘rigorous thematic approach can produce an insightful analysis that answers particular research questions.

Thematic analysis provides a systematic element to data analysis. It allows the researcher to associate an analysis of the frequency of a theme with one of the whole content.“This makes the process of thematic analysis more appropriate for analyzing the data when the research’s aim is to extract information to determine the relationship between variables and to compare different sets of evidence that pertain to different situations in the same study” (Alhojailan, 2012, pp.39-40).

Thomas (2003) highlights three main reasons for using an inductive approach: (1) to condense extensive and varied raw text data into a brief, summary format; (2) to establish clear links between the research objectives and the summary findings derived from the raw data; and (3) to develop a model or theory about the underlying structure of experiences or processes which are evident in the raw data.

Another justification for using the thematic analysis for the present study can be found in Ibrahim, (2012, p.40) argument. In his view “thematic analysis is considered the most
appropriate for any study that seeks to discover using interpretations. It allows the researcher to associate an analysis of the frequency of a theme with one of the whole content. In scholars view, thematic analysis enables the researcher to determine accurately the relationships between concepts and compare them with the replicated data. By using, thematic analysis there is the possibility to link the various concepts and opinions of the learners and compare these with the data that has been gathered in different situation at different times during the project”.

There are different ways thematic analysis can be approached:

- “An inductive way – coding and theme development are directed by the content of the data;
- A deductive way – coding and theme development are directed by existing concepts or ideas;
- A semantic way – coding and theme development reflect the explicit content of the data;
- A latent way – coding and theme development report concepts and assumptions underpinning the data;
- A realist or essentialist way – focuses on reporting an assumed reality evident in the data;
- A constructionist way – focuses on looking at how a certain reality is created by the data” (The University of Auckland, p.1).

The reason for selecting the adequate way of thematic analysis is discussed further in the chapter.

4.8.4 Inductive vs. theoretical thematic analysis

According to Braun and Clarke (2006, p.12) “there are two ways of identifying themes in the thematic analysis: these are inductive or theoretical (deductive) way. In the case of an inductive approach, themes are having a strong connection with data. Particularly, if data was collected purposely through interviews there can be little connection between the identified themes and the specific question. In addition, in applying such approach the researcher might not be having particular theoretical interested in the area. Hence, the inductive approach can be viewed as a
data coding process without an attempt of the researcher to fit in the existing coding frame. Contrary, a theoretical thematic analysis seems to be motivated by the researcher’s theoretical or analytic concern in the area and consequently is more analyst-driven. This type of thematic analysis can be characterized as less descriptive and more focused on detailed analysis of some piece of the information. The selection of inductive and theoretical depends on the researcher reason to code the data. Coding can be aimed at a specific research question (theoretical approach) or the specific research question can evolve through the coding process (inductive approach”).

4.8.5 Choice for the present research - deductive theoretical analysis

Due to the nature of the present qualitative research, the researcher analysed obtained qualitative data through deductive/theoretical analysis, where the focus was made on finding the answer on a specific research question – why does the existing marketing intelligence model fails to deliver value to post-Soviet Georgia’s apparel industry.

4.8.6 Semantic and latent themes

A theme is deemed as something relevant in respect to the research question, and it indicates a certain level of meaning in the provided data set. “In semantic approach themes are acknowledged with the explicit meaning of the data and the emphasis is made only on what is said by the participant. Therefore, data is organized in a way to disclose patterns in semantic content in an effort to theorize the importance of the patterns. In contrast, a thematic analysis in latent content focuses on examining basic ideas, assumptions and ideologies-that are theorized. Hence, latent thematic analysis entails interpretative work” (Braun and Clarke, 2006. p. 13)

4.8.7 Choice for the present research - latent themes

The present research focused on more than what was said by the participant; it involved examination of basic ideas and assumptions. For that reason, the thematic analysis was considered at the latent level.
4.8.8 Steps involved in the thematic analysis

Lofgren (2010, pp.3-4) identified the following steps which are associated with the thematic analysis:

1. “Reading the transcript.

2. Labelling relevant pieces such as words, sentences, phrases etc. whatever is deemed relevant for the purpose of the research.

3. Identifying the most important codes by creating categories (themes), which can be objects, processes, differences etc.

4. Labelling categories (themes) by relevance and describing connections between them. The categories and connections are the main results of the research since they represent new study from the perspective of participants.

5. Considering the possible hierarchy among the categories, if one category is more relevant than the other.

6. Writing results by describing the categories, followed by discussions incorporating the researcher’s interpretation and discussions of the results”.

Other authors such as Braun and Clarke also (2006, pp. 16-24) identified the following phases in the thematic analysis:

“Phase 1: Familiarizing yourself with your data (transcription of verbal data).

Phase 2: Generating initial codes.

Phase 3: Searching for themes.

Phase 4: Reviewing themes.

Phase 5: Defining and naming themes.

Phase 6: Producing the report”.

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Komori (2015, pp.1-2) also offered steps in the thematic analysis:

“1) Collect data - from various sources such as: field diaries, observational data, pictures/video, historical data, questionnaire statements, transcripts.

2) Coding data - A code should be clear and concise, clearly stating what it is, its boundaries and how to know it when it occurs. Codes become the foundation for the themes that are going to be used by the researcher.

3) Code validation - To ensure the integrity of the codes - that is, that they have not been misinterpreted and are free of researcher bias.

4) Themes/frameworks identification - From the codebook, the researcher identifies themes and sub-themes: patterns that have emerged from the coded data. Themes can emerge from patterns, such as conversation topics and vocabulary.

5) Information consolidation, finalize theme names - The researcher finalizes the name of each theme, writes its description and illustrates it with a few quotations from the original text to help communicate its meaning to the reader”.

4.8.9 Pitfalls of thematic analysis

Despite being widely used as one of the qualitative analytical methods, there are several pitfalls linked to thematic analysis which might trigger poor analysis. According to Braun & Clarke (2006, pp. 24-26) these pitfalls are as follows:

“1. Poor analysis of data.

2. Applying the data collection questions as the themes that are reported. In such a case, no investigative work has been done to recognize themes across the entire data set or make sense of the patterning of responses.

3. Weak or not credible analysis, where the themes do not appear to work, there is too much overlap between themes, or the themes are not internally rational and consistent.
4. Inconsistency between the data and the analytic claims made about it. In this type of analysis, the claims are not supported by the data. The picture can be worsened by the fact that the presented data proposes different analysis or disagrees with the claims.

5. Inconsistency between theory and logical arguments or between the research questions and the selected type of thematic analysis. The implication of an accomplished thematic analysis is the consistency between the data interpretations and the theoretical framework”.

Obtained quantitative data, in the form of annual performance, was processed through ratio analysis that assisted in evaluating factories’ operating and financial performance, their efficiency and profitability. Ratios were applied to compare preselected Georgian factory’s performance with the Turkish factory. It assisted in determining trends where performance had improved or deteriorated over the time and exposed strengths or weaknesses of preselected factories.

Application of both qualitative and quantitative data can significantly advance an evaluation by ensuring that the limitations of one type of data are offset by the strengths of another. The researcher pursued parallel gathering of both qualitative and quantitative data and combining them during the evaluation for better understanding of the challenge (Pasanen, 2013).

4.9. Ethical consideration

The main problem in conducting a science of human behaviour is not selecting the correct sample size or making the accurate measurement but making things ethically truthful to evade distress from the consequences of your performance. Ethics is considered as significant part of method in science (Bernard, 2006).

Ethical elements are commonly considered relevant particularly when researchers involve human subjects in their research. Amongst most critical ethical concerns that have deserved consideration for the past decades is the assurance that subjects of a research are willingly involved and informed of all potential risks associated with the research process. Therefore, the researcher attached adequate importance to ethical proprieties such as honesty, respect for
subjects, privacy, anonymity and confidentiality and most importantly the willingness of subjects to participate voluntarily in the research (Berg, 2001).

Prior to commencement of the study the researcher considered ethical implications of the research and ethical concerns, that are important for new investigators to understand before actually conducting research. The focal point was to ensure compliance with Cardiff Metropolitan University's Principles and Procedures for the research ethics.

The present research emphasized impartial engagement of participant factories throughout the research process, from problem definition to data collection, analysis, dissemination and use of findings to help achieve change. Prior to engagement of participants into the interviews, adequate questionnaire was designed incorporating both open ended and close ended questions for ten semi-structured interviews. Prior to engagement of participants into the interviews, the designed questionnaire have been tested and provided to participants together with the participant information sheet. Data gathering and processing were subject to individual participant’s consent (Cacari-Stone et al. 2014).

Due to involvement of interviews, the researcher considered potential psychological harm. Various ethical codes regulate researchers’ behaviour in that regard. Within the ethics discipline there are a number of different approaches for examining ethics and values. The researcher considered the: "teleological philosophies that emphasize the consequences that result from an action. In other words, they deal with the moral worth of the behaviour as determined totally by the consequences of the behaviour" (Skinner et al. 1988, p.213).

The researcher understood that the research process meant dealing with confidential internal information. Therefore, anonymity and confidentiality have been observed at all stages of the research. The hard copies of collected data are stored in a locked cabinet/safe and electronically on the researcher’s password-protected computer. A backup was made on the researcher’s flash disk memory in case of a computer virus or malfunction. It also encountered cultural practice, norms and in some cases sensitive information, the appliance of which was pre-agreed with the factories through individual participant consent form together with the attached participant information sheet.
The ethical consideration in the present research comprised the following:

- Participant factories were informed on the research topic and on the use of provided data, which was used solely for the research purpose with the full consent of the factories and each individual participant's anonymity was granted the utmost importance, where the researcher's professionalism prevented any bias.

- Research participants participated in a voluntary way, free from any coercion.

- The researcher considered her own safety during the fieldwork with the focus on professionalism and circumspection.

4.10. Conclusion

The present chapter described the methodology that was used in the research, with the aim to address the research question why the existing marketing intelligence model failed to deliver value to post-Soviet Georgia's apparel industry. It comprises 11 subsections. The chapter starts with the introduction, followed by identification of research methods and appropriate choice for the present research. The next subsection covered the research philosophies and applied methods in the present research. It also concentrates on the research approach and chosen research strategies for the present research. The following subsection focused on research choice. The seventh subsection provided details on time horizon of the study. The next subsection highlighted the data sources. The ninth subsection elaborated on the ethical consideration. And the chapter ended with the conclusion.
CHAPTER 5 RESULTS

5.1 Introduction

The objective of this chapter is to present the results of the research question: “Why does the existing marketing intelligence model fail to deliver value to post-Soviet Georgia’s apparel industry?”

The chapter focuses on major six themes, created as a result of interviews. The first theme - information flow examined the intelligence flow and communication process within the factories and the extent to which they affect the functioning of the existing marketing intelligence model. The second theme - marketing culture helped to determine the general background in which the marketing intelligence model has to operate. The third theme - internal structure examined how the task of disseminating intelligence is delegated within the factories. The fourth theme - available skills provided a better picture of the factories’ capabilities. The fifth theme general attitude - focused on the attitude and perception of both management and staff on the importance of marketing intelligence and marketing culture. And finally, the sixth theme assisted in measuring the benefits of using marketing intelligence in terms of the number and longevity of contracts, both with local and international buyers. Focus on these key themes derived from the semi-structured interviews enabled the researcher to meet the second, third and the fourth objectives of the present comparative case study. The interviews were complemented by related reports to validate the interviews.

The results revealed weak marketing culture in post-Soviet Georgia’s developing apparel industry. Consequently, this generates several problems such as: ineffective processing and dissemination of intelligence that affect the functioning of the existing marketing intelligence model and less business oriented internal structure of companies, characterized by low efficiency of labour due to the absence of relevant skills. Most importantly, the combination of all ailing factors has a negative impact on the profitability of companies. On the whole, these issues affect the competitiveness of Georgia's apparel industry.
5.2 Information flow - communication

Question 1 - What are the sources of intelligence and how often intelligence is updated?

Respondent A (001):

“Our parent company is in Turkey. Hence, the head office provides us information, where the marketing manager is responsible for gathering, processing and disseminating adequate information. The marketing department of our head office deals with R & D, market analysis, trade fairs, and competitors' analysis. They provide industry news on weekly basis and when required communication happens on daily basis. Information even on minor changes is considered and delivered to us so that we can respond within the set timeframe. .... even here our manager keeps the whole staff constantly updated on any news and changes in clients’ requirements”.

Respondent A, on behalf of the whole factory 001, noted that the relevant piece of intelligence is provided through the head office in Turkey. The sources for obtaining intelligence are: research, market analysis, trade fairs and competitors’ analysis. The created channel has a linking function that ensures the transfer of intelligence from one branch to another, even when the branches are in different countries. The above comments demonstrate that once intelligence is transferred from the head office to the local branch, Turkish management ensures that the relevant piece of intelligence is disseminated to the adequate units for effective decision making and well-organized response to market needs. It is claimed by respondent A (001) that the smooth communication flow within the factory can significantly minimize errors, keep all lines ready, flexible and reactive to clients’ requirements. As she explained: “...it helps to minimize the error and increase the satisfaction of clients...” The above comments reveal that in 001 factory, intelligence utilization is viewed in terms of an effective communications process where the emphasis is on the transfer of the relevant piece of intelligence and knowledge among employees.

Respondent A (002):

“We update information on markets and products once in 3 months or even 6 months, which I know is not enough but we will hire marketing manager in future and this
problem will be sorted out. When we had a marketing manager, she was looking for the different sources of obtaining fresh intelligence like journals, magazines, industry reports etc. but now with the absence of marketing managers we have serious problems in that regard. However, currently I can't afford to hire a marketing manager due to the shortage of finance. I myself go to trade fairs, obtain information from the industry reports and journals. However, I can’t afford to go to many trade fairs often and more over, can’t trust others who can go for me”.

As demonstrated from the comment above, the sources for obtaining intelligence for the factory 002 are: industry reports, journals and trade fairs. However, an effective use of obtained intelligence is limited due to the absence of the marketing department. Respondents A, B and C of 002 factory acknowledge the difference between the current position without having the marketing manager and the previous position when the marketing manager kept the whole factory updated on the industry developments. Respondent B (002) went further, describing the current situation and gave more details:

“...we could have performed much better with a modern thinking marketing manager. Simply, it is impossible to be an executive director of a factory comprising 300 employees and in the meantime act as a marketing manager who is in charge of obtaining, processing and disseminating information. Currently, we manage somehow due to mainly operating in the domestic market with relatively sizable orders from Kiev and Turkey. Once we extend our operation and fully enter the international market the absence of marketing manager will be painfully reflected on our activities”.

The above response demonstrate several issues in 002 factory such as: the absence of marketing department and marketing teams which is related to the second theme, the absence of finance and the absence of relevant skills capable of processing intelligence which is related to the fourth theme.

Respondent A (002), supported the statement expressed by the respondent B (002), which provides one of the reasons for poor information flow within the factory.
"...I'm responsible for obtaining information on the market/on products/on new developments within the global apparel industry. Being the executive director of the factory with 300 employees requires lots of efforts leaving less time for constant upgrading and disseminating of information”.

Comparison of 001 and 002 factories demonstrates that 001 effectively align the communication process to ensure dissemination of the adequate piece of intelligence among relevant units. However, this is not the widely adopted practice in 002, due to hindering factors such as: the limited presence of adequate human and financial resources which was common response among all respondents of 002.

**Question 2 - How often do you have staff meeting?**

When administering this question, it became clear that meetings are held regularly in 001 factory. Respondent A (001):

“...staff meetings are held once a week, sometimes twice a week. If the factory is dealing with the new client or massive order communication happens on daily basis, management has meetings with line managers very often. Management believes that this is the best way of ensuring the long-term beneficial relationship with the clients therefore, all efforts are allocated adequately. As a result, the local staff remains knowledgeable, more flexible and most importantly more responsive to market needs under the Turkish supervision”.

As demonstrated from the comments above, meetings take place frequently to maintain healthy communication cycle and keep local staff updated on the significant developments. 001 factory management grants vital importance to keeping the long term relationship with clients on the basis of an effective communication that increases the response rate and clients’ satisfaction.

In contrast, respondent B (002) indicated:

“...the executive director sometimes arranges meetings with us and highlights the importance of becoming responsive to the international buyers’ needs. If busy, meetings
are held once a week. In normal regime meeting takes place once in every two weeks or less”.

Comparison of 001 and 002 factories demonstrates less frequent meetings in 002 that affects the healthy communication cycle within the factory, despite being one of the thriving local factories. The response demonstrates several linked challenges such as: the absence of marketing team due to the shortage of finance, which puts the executive manager in the position of marketing manager. However, the combination of two key responsibilities remains tough for the executive manager of 002 factory which has implication in weak information flow. These issues will be discussed in the following chapter.

The above comments reveal challenges in the internal communication within the local factory 002. However, issues have been identified in external communication as well, such as: the absence of communication between the local manufacturers and the local fashion designers. Respondent A (004) stated:

“...both designers and manufacturers need to come to the unanimous idea that thinking as one industry can make the most of the breadth of talent, opportunity and commitment in this industry and help all representatives in long-term growth, sustainability and financial success”.

Respondent A (005) pointed out: “...local factories can’t be developed well without an effective communication and cooperation with the local designers”, further the respondent found explanation of the issue: “.... most of the designers have communication problems with the buyers and avoid involvement in a massive local production to further develop the industry...”

Respondent A (003) described the situation, which highlights the negative impact of ineffective communication between the manufacturers and the designers on the competitiveness of Georgia’s apparel industry:

“...there is a big gap of understanding and communication between the local designers and the local manufacturers that can be attributed to a poor positioning of Georgia’s apparel factories, lack of confidence in domestic manufacturers and a long rooted
perception of inferior quality domestic production. However, this has been changed, the quality of domestic production has improved, though the absence of communication between the parties keeps fashion designers into an information vacuum. Therefore, the local designers apparently display reluctance to cooperate with the local factories, despite the fact that they need cooperation with the local factories, especially those who have engaged in relatively massive production. Such cooperation would be beneficial to both designers and factories and potentially can enhance the attractiveness of the industry to both local buyers/clients and outside brands”.

As revealed from the above comments, majority of the respondents believe that these two diverse but interrelated parties have problems in finding common language on the common subject. All respondents also highlighted another challenge in the external communication that is weak collaboration between local apparel factories and the apparel and footwear association of Georgia. Respondent A (002) seems to be cognizant of how the apparel associations in Europe facilitate the development of the sector: “...the association must be in charge of obtaining relevant intelligence and disseminating it among the factories since most of the factories don't have marketing managers ...” Respondent A (001) factory also noted: “...in other countries it facilitates the development of the sector by ensuring all relevant input to the apparel industry such as: communication with buyers/buyers, adequate trainings for sewers, negotiation with the Government...”

In contrast, respondent A (003) provided explanation for the existing weak communication and involvement of the association since they are: “.... trying to protect members’ right, trying to meet with the Government representatives to highlight the major challenges and areas in need of immediate assistance, however in reality the Government just listens and lacks the actions...”.

These comments highlighted several areas of concern such as: weak communication between the association and manufacturers, which is linked to theme one - weak collaboration with the Government and the lack of actions from the Government side. These issues will be addressed in further Chapter 6.

The comparison of information flow between 001 and 002 factories helped the researcher to partly meet the second objective of the present thesis - to determine the presence of marketing
intelligence within Georgia’s apparel industry. Respondents’ comments support the presence of marketing intelligence both in 001 and 002 factories, since all factories are having access to intelligence through various sources like trade fairs industry journals etc. However, only access to intelligence cannot deliver value, unless analysed and utilized effectively.

Comments from all respondents of 002 factory revealed problems at intelligence utilization levels due to shortage of financial and human resources capable of obtaining, processing, disseminating and utilizing intelligence on time. As a result, communication process, and information flow is weak in 002, which serves as one of the inputs to the malfunctioning of the existing marketing intelligence model. This in itself contributes to the low level of competitiveness in 002 factory. Communication problems have been revealed at the external level as well that provoke misunderstanding between the parties relevant to the apparel industry development in post-Soviet Georgia. All these issues will be addressed in details in the following chapter.

5.3 Marketing culture in post - Soviet Georgia

Question 1 - What do you think about the marketing culture in our country? What is the relevance you assign to marketing culture?

Respondent A (001):

"Marketing culture is very poor in Georgia. For our Turkish management initially, that was a shock. Despite the fact that, this is a general problem for Georgia, it does not create major challenges for us due to being a daughter company of one of the big Turkish apparel factories, where the marketing culture is thriving. However, initially we did have problems. As you know, the staff is local in our branch and they did have problems in understanding many marketing related topics such as: why we needed to immediately respond to clients' needs and shift to completely different production even with a short notice, why we needed to be in touch with the head office and be updated on daily basis on any news etc."
However, in general, poor marketing culture in Georgia creates serious problems not only in the apparel but in all fields. In the apparel industry being customer oriented and market oriented is a key for success. Therefore, most of the challenges existent in Georgia like the shortage of required skills, communication with clients, poor customer service etc. can be attributed to developing marketing culture”.

All respondents from 002 factory shared the idea regarding the developing marketing culture in Georgia. Respondent A and C of 002 pointed out: “There is a big gap in marketing culture, in understanding the marketing principles...” Respondent B (002) is of the opinion that: “…the development of marketing culture in our country can be compared to building a huge construction, where several bricks have been put which is not enough. We all have to understand the importance of marketing culture as a way of survival.”

The respondents talked extensively about the developing marketing culture in post-Soviet Georgia. As demonstrated from the comments of 002 factory respondents who acknowledged the poor presence of marketing culture. However, concrete action to eliminate this challenge is weak due to various reasons, among which the poor marketing culture and financial shortage deserved the utmost attention of the respondents as revealed from the previous questions. In view of a reasonable justification for the limited ability to eliminate this challenge, still it begs the question of poor perception of the value of marketing intelligence, as the context of the developing marketing culture, which will be addressed in Chapter 6.

All respondents are of the same opinion regarding the developing marketing culture in Georgia. Respondents provided various statements that serve as evidence for poor marketing culture in Georgia. Respondent A (004) stated: “…factories don’t have even professional websites, lack the professional approach by undertaking market research to identify suitable geographic markets with the consideration of the existing capabilities. She identified poor marketing culture even among local fashion designers: “…designers also lack skills for undertaking effective R&D in order to expand networking and get involved into local massive production....” Respondent A (002) pointed out: “...most of the factories don't have marketing managers and most of them can't really afford to have very experienced marketing managers due to the absence of sufficient funds...” Respondent A (005) also stated: “...marketing culture is
slowly being developed in our country which has implication in unstable relations with the buyers/clients...”. She also highlighted another evidence of poor marketing culture in Georgia: “...there is an absence of high quality marketing strategy to attract foreign investors...” which is not helpful for export oriented Georgia’s apparel industry. Respondent A (005) explained the reason for poor positioning of local apparel manufacturers and linked it to the developing marketing culture: “…apparel is a buyer - driven industry, with low entry barriers. Hence, the maintenance of competitive position is directly hinged on beneficial networking and linkages with buyers/clients. In that regard, marketing culture, customer focus and communication are the key inputs. In our country, this is missing which results into the poor positioning of the apparel industry”.

Respondent A (003):

“...there is no evidence that any of the Georgian manufacturers understand the role and importance of a product manager/customer representative and their role in managing orders through the factory and establishing an ongoing relationship with customers. I think this statement clearly defines the level of marketing culture in the apparel industry of Georgia. Even we don’t have marketing manager....we don’t have financial resources to hire one, even if we decide, finding a person with strong marketing skills is a problem in Georgia”.

As seen above, all respondents extensively elaborated on the developing marketing culture in Georgia, which affects the apparel industry development. Despite the acknowledged poor positioning, again the scarcity of financial and human resources has been considered as a key detrimental factor and needs to be addressed in terms of eliminating the problem. These issues will be addressed in the following chapter.

Question 2 – Can I elaborate on the term - “marketing intelligence model” and get your opinion on it.

Respondent A (002):

“...marketing intelligence model - is the practice of intelligence application that greatly facilitates information filtering, dissemination and application that helps to be proactive...”
and responsive to changing market needs. However, due to a weak marketing background and underestimation of marketing intelligence the practice of model is faulty. All local factories suffer from the poor understanding of the relevance of marketing intelligence...”

Respondent B (002):

“... marketing intelligence model application is very poor in our country. Unfortunately, due to a weak marketing culture, the benefit of marketing intelligence model is diluted, and this can be attributed to its underestimation and ineffective communication”.

Respondent C (002) also shared the view of colleagues and added:

"Some factories don't have marketing intelligence model at all, in some cases, it operates very poorly...”.

All respondents of 002 factory understand the importance of marketing intelligence model; however, they attribute its malfunction to poor marketing background.

Respondent A (001) explains the value of marketing intelligence model to the apparel industry:

“... marketing intelligence model facilitates to timely response to market needs. Today, we live in a changing environment where the demand for high quality apparel is rising and more and more competitors appear on stage. Overall, the apparel industry is the most sensitive, since trends and fashion keep changing and consequently those involved in the apparel industry particularly need information on these changes".

Other respondents also demonstrated a good understanding of marketing intelligence model. In the view of respondent A (003): “... it helps to undertake more purposeful action...”

Respondent A (005) also revealed a good understanding of the model: “...data coming from research and development that must be incorporated into a decision-making process to perform better and meet changing market requirements”. 
Question 3- In your view what are the implications of integrating marketing intelligence into a decision-making process?

Respondent A (001):

“...we always integrate marketing intelligence into a decision-making process. I’ve just mentioned, due to being characterized by fast trend and style change, all strategic decision in the apparel business must be based on updated marketing intelligence. Therefore, the so-called marketing intelligence model serves as a key input for the apparel business”.

As seen from the comments, respondent A (001), on behalf of the whole factory, demonstrated the value 001 factory management attaches to integrating marketing intelligence into their decision-making process. Respondent A (002) also displayed a good understanding of this process evident from his comment:

"... it has implication on a strategic decision making leading to long-term contracts, improved positioning, successful market linkages and indeed the higher profitability that every business needs. The management will be able to take a more rational decision, make right investment. In one word, it will greatly facilitate the industry development”.

The understanding of the value linked to integrating marketing intelligence into a strategic decision-making process seems to be deep in 002 factory, as noted by respondent B (002):

- “It helps companies to be enriched with relevant data to boosts sales and be more competitive.
- It also helps to be predictive and retain/attract more clients/ buyers.
- It helps to predict client’s responses to different styles, features etc
- It makes planning more effective and strategic.
- It assists in better handling of changes and complexities coming from the competitive environment.
• Marketing environment offers new challenges and new opportunities and this can be identified through analysing, mining and evaluating data through an effective marketing intelligence model”.

Despite the acknowledgment of benefits, as demonstrated above, 002 factory faces problems of data utilization level, as revealed from the previous questions and this is attributed to the absence of financial and human resources to obtain relevant intelligence and disseminate it on time. As respondent A of 002 explained:”...despite being one of the strongest factories, we do have an absence of skills required for information processing. This supposed to be done by the marketing manager. I should admit that due to poor marketing background it will be difficult to find a right person”.

Examination of the marketing culture in Georgia enabled the researcher to address objective three - to analyse the application of marketing intelligence within Georgia’s apparel industry and identify reasons for the malfunctioning of the existing marketing intelligence model, which fails to deliver value to apparel industry. The assessment of the developing marketing culture in Georgia helped to understand the background in which the factories have to operate. It revealed the whole array of challenges hindering the effective functioning of the existing marking intelligence model in 002 factory. Amongst many actual challenges, originated from the poor marketing background are: the absence of a strong marketing team capable of ensuring an effective functioning of the existing marketing intelligence model, the absence of strong marketing strategies that affect the positioning of local factories and consequently less market driven manufacturers that widen the gap between the local manufacturers and the global apparel market. All these issues will be addressed in the following chapter.

As demonstrated above, all participants agree that the developing marketing culture in Georgia is apparent at all levels, starting from poor customer service to the absence of marketing orientation in all fields. In their view, the lack of market-driven culture has implication for fragile relationship between intelligence dissemination and application that devalues the marketing intelligence model. They acknowledge the fact that in the context of the developing marketing culture, meeting demands of more sophisticated customers is becoming tough for Georgia's manufacturers, especially for those willing to engage in export activities.
5.4 Internal structure. Comparison of internal structure between 001 and 002 factories

Below is provided the internal organizational structure of 001 and 002 factories, to highlight the assignment of tasks in each factory, supervision structure and the hierarchy that affects the manner in which the factories run.

As seen from the Figure above local apparel factory 002 does not have a marketing department consequently, the sources of obtaining, processing and disseminating intelligence are weak. According to respondents’ comments, due to the absence of marketing department and marketing team, the sporadic intelligence update remains unfavourable for the factory development in the competitive environment. As noted by respondent A (002): “... the influx of various brands slightly changed the attitude of clients, making them more demanding that requires vigilance of producers. In that regard indeed, we need to be more market oriented, improve marketing culture, and get intelligence on market requirements and trends to create more beneficial market linkages...” In addition, the respondent is of the opinion that immediate solution of the problem, by creating marketing team, is unfeasible. For more clarification, the respondent described two main inhibiting factors: “… due to poor marketing background it will be difficult to find the right person...” and another issue underlying the financial constraint: “…currently we can’t afford it, most part of our profit is needed for salaries of employees...”
As revealed above from the internal structure, one of the challenges identified in 002 factory is an inadequate distribution of responsibilities due to the absence of marketing department. However, the comment again highlights the severity of the previously mentioned problems expressed in the absence of financial and human resources. As noted earlier, blending the responsibilities of marketing manager and executive director is the least attractive combination that disables the executive director to keep staff constantly updated on the apparel industry developments.

**Figure 5-2 The organisational structure of Turkish factory 001**

Source: Interview with the factory 001.

As seen from the Figure above, Turkish owned local factory 001 does not have local marketing department either. However, being the branch of a large Turkish factory, which is used for the production outsourcing, 001 factory significantly benefits from the marketing services offered by the head office in Turkey. According to the respondent A (001):

"...we are simply performing duties, assigned to us by the head office. We are constantly being monitored and instructed by the marketing department in the head office in Turkey.

This comment indicates that the head office maintains regular contact with the branch in order to keep 001 updated and the staff knowledgeable and informed on new developments and requirements. In the view of respondent A (001), such effective communication brings success to
the factory by being proactive rather than reactive to the global market needs. According to her statement:

“...information is always updated on time from our head office. Even here, our manager keeps the whole staff constantly updated on any news and changes in clients’ requirements. And this is vital, since when a change needs to be introduced it does not refer to only sewers, but to the whole staff. This creates a big unity within the company and a sense that all employees are equally important for the achievement of success”.

Examination of the factory (001) showed that despite having similarities with factory (002) revealed in the absence of marketing department locally, the marketing department in the head office is actively involved in providing the smooth flow of intelligence in Georgian branch. This approach highlights that the smooth intelligence flow and effective communication in factory 001 which is linked to the first theme – communication flow.

**Question 1 - How many lines do you have/ how many sewers do you have?**

Respondent A (001): “... we have 8 lines... 1 director, 1 deputy director, 1 chief accountant, 4 technical designers, 8 quality controllers and 258 sewers out of which 10 are backup staff”.

Respondent C (002): “... we have 4 lines.... 1 executive director, 2 deputies, 4 line managers, 1 technical designer, 2 quality controllers and 275 sewers”.

These answers indicate the difference between the factories 001 and 002 in the number of production lines. With almost similar number of sewers, ranging between 270 - 280, 002 factory has eight lines, whereas 001 has four lines. Primary data demonstrates that 001 factory with eight lines manages to be more flexible, competitive, deal with a variety of orders and maintain a high quality of production that reinforces the long-term relationship with the clients. This statement can be supported by the eight years collaboration with one of the famous brands. As described by respondent A (001): “... there are some brands collaborating with us for more than 8 years. The more you are producing for big brands, the more you become competitive. I mean competitiveness of any apparel factory depends on the flexibility of staff at all levels and the ability to follow and meet clients’ changing requirements”. 
In contrast, 002 factory has only 4 lines with almost the similar number of sewers. According to respondent C (002): “...we have 4 lines, they are not cross trained. We have only one line - 50 people more flexible and adaptable to change...” this line was named as the most innovative and flexible. It indicates the lack of flexibility among the staff that keeps the factory mostly concentrated on local orders, as explained by respondent A (002): “…our factories, with the existing shortage of skills and low capacity, prefer focusing on simple local orders…”

The comparison of these factories demonstrates that 001 is more business oriented, with 8 lines, it has more capacity to deal with a high variety of orders compared to 002. Hence, the presence of 4 lines in 002 raises the question of labour productivity, which will be addressed in the following chapter 6. In addition, it raises the question of workers' attitude and skills which are related to theme four and five. Are they equipped with adequate knowledge and training? These issues will be addressed in the following chapter.

Examination of the internal structure within the factories assisted in addressing objectives 3 and 4. It helped the researcher to identify the marketing intelligence utilization process, identify reasons for the lack of processing and disseminating intelligence that affect the smooth functioning of the existing marketing intelligence model. It also assisted in identifying the challenges in the capacity and productivity within 002 factory, which will be addressed further in the chapter.

5.5 Available skills

Question 1- In your view what are the major challenges within local apparel industry?

The administered question regarding the key challenges in Georgia’s apparel industry revealed that the mostly referred issue among the respondent was the shortage of adequate skills.

Respondent B (002) linked the absence of mass production to the relevant skills’ shortage:

“...even in our case, despite the fact that we are characterized by relatively high capacity compared to other factories, we still face a problem of mass production due to the shortage...”
of adequate skills. I know we need to re-train our sewers but unfortunately, the financial condition does not allow us to invest in staff re-training. Even if we decide to train staff we will have problems finding the right trainer, who will be able to train our staff”.

Respondent A (002) provided an explanation for local manufacturers’ focus mostly on the domestic order:

“...local orders are easier to perform compared to dealing with the brands therefore most of the factories prefer local contracts. I can say that some of local factories created comfort zone by taking orders from local clients, hence moving to the international buyers will be stepping out of the so-called comfort zone, that require adjustment and fresh approach which are less appreciated among relatively elderly managers...”

These comments reveal that the shortage of skills remains an actual issue in Georgia’s apparel industry. 002 factory, despite being more innovative and flexible factory compared to local factories, still suffers the consequences of skills' shortage, which raises the question regarding the basic skills availability in other less innovative apparel factories in Georgia. In addition, the comments above revealed the negative impact of poor marketing background that complicates the finding of a right trainer in combination with the financial shortage. Primary data also indicated the link between low productivity and the absence of local mass production. Examination of the comments also raises the question of workers’ attitude, resistance to change and fresh approach. These issues will be addressed in the following chapter.

Respondent B (002) also identified shortage of other specific skills;

"...factories lack technical designer who prepares technical specifications commonly referred to in the industry as the tech packs. Technical design skills are value-added skills essential for an industry development”.

The absence of technical skills was identified by respondent A (003) as well, which in her view deters local manufacturers’ collaboration with the international buyers. She indicated the presence of:
“... a poor technical knowledge of CMT (Cut, Make & Trim) oriented local factories, which prevents a profitable delivery of required quality and establishment of a long-term relationship with both local and international buyers. ... technical design skills are value-added skills vitally important for the industry growth and development...”

In addition, respondent A (003) provided more detailed picture of the apparel industry that undermines the severity of the skills shortage:

“...labour efficiency is critical to the competitiveness of an industry:... our factories generally try to get engaged into more complex constructed apparel, such as winter coats, uniforms. Compared to other low-cost countries, like Bangladesh, Pakistan etc., trying to produce basic commodities like T-shirts, polo shirts and low construction garment, we concentrate more on low quantity and relatively complex items. But those low-cost countries have higher efficiency and gain more from massive production. The real picture in our industry is not very attractive. All our factories face problems in terms of a massive production due to low efficiency".

The issue of low productivity and skills shortage was raised by respondent A (005). According to her comments, the Government is trying to attract foreign investors by making business friendly environment. However, the Government’s attempt remains ineffective in the background of relevant skills’ shortage, as respondent A (005) explained:

"......the Government is trying to facilitate the influx of foreign investors by offering favourable conditions. As you know labour cost is competitive here, location is unique and in combination with the benefits, offered by local Government, Georgia is supposed to be the attractive destination for many investors. However, for the successful development of the apparel industry only favourable conditions are not enough, the key deterring factor is the lack of skilled labour. The absence of adequate skills creates efficiency gap that undermines the positioning of our industry and the establishment of long-term relationship with the clients/ buyers".

Respondent A (001) factory also highlighted the issue of low productivity that affects the industry development, she referred to: ".... the shortage of relevant skills/workforce, in addition,
sewers efficiency is very low, as a result, factories suffer from a high wastage of time...”. However, 001 factory management has managed to minimize this challenge by targeted on-site trainings. Respondent A (001) factory highlighted the importance of having cross-trained staff in order to minimize the loss and waste of time which has positive implication through the higher efficiency of the personnel. As she explained: “…cross training is essential to avoid delays and waste of time...we provide on-site training...” Consequently, sewers in 8 different lines are cross-trained and can effectively deal with any complex assignment. 001 factory also has backup cross-trained staff comprising ten sewers to minimize any unexpected delays in operations.

As demonstrated above 001 factory has managed to minimize the efficiency problem through on-site trainings. This raises the question - why the same approach is missing in 002 factory. There can be several explanations: it can be the managements’ underestimation of having the cross-trained staff or employees’ reluctance to master skills. These questions will be addressed in the following chapter.

Amongst many ailing factors, identified by all respondents, deterring the presence of skilful staff is the weak vocational educational centres that fail to provide adequate trainings for sewers.

Respondent C (002) pointed out: “... we seldom hire students from the vocational centre. We can prepare them better with the much focused trainings”. Respondent A (001) also highlighted: “... the absence of adequate training centres”. Respondent A (004) stated that there is: “...an absence of adequate vocational training centres - consequently we don't have adequately prepared sewers and quality controllers. Vocational training centres have to improve and innovate their training programs”. Respondent A (005) agreed with the previous respondent by highlighting that there is: “... lack of good training centres and trainers who could have prepared and re-trained the existing staff to meet the international market requirements. The existing syllabus of the training centres is irrelevant offering no skills for future sewers”.

All interviewees agree that vocational educational centres play vital role in training and retraining of staff, therefore their poor performance directly hit the industry and contribute to
expanding the gap between local manufacturers and international buyers/clients. The comments above demonstrated several concern areas regarding the effective functioning of the vocational educational centres such as: inadequate, less innovative training centres, unable to prepare sewers and quality controllers to comply with the international standards and poor syllabus that fails to offer skills, relevant for the apparel industry. It also demonstrated the absence of communication between apparel industry members and the vocational educational centres that disables VETs to fully understand the apparel industry needs.

According to respondent A (005), Georgia, despite being one of the advanced developing countries, still suffers from the language barriers especially among the older managers:

“...poor knowledge of English language ... sometimes local factories even fail to respond to mail on time that is irritating for the customers. Most of the general managers act as marketing managers with the total absence of marketing knowledge and ability to use marketing tools that result into failure to communicate effectively with clients”.

Due to limited availability of the relevant skills and the weak presence at the international market, respondent A (003) elaborated on the potential of local manufacturers to engage in a high-end fashion garment production locally which requires less quantitative production, however even in this option challenges prevail:

“...all our factories face problems in terms of massive production due to low efficiency. So it will be reasonable to carve a new niche and fully engage in a high-end fashion garment production that does not require high quantity production. However, this also creates problems within our factories, since the high fashion garment production requires multiple high level skills and the variety of machines and indeed effective communication skills with designers, both local and global designer”.

This comment once again emphasizes the scarcity of skills among local manufacturers that create problems in establishing good relationship with local designers. In addition, it highlighted the absence of adequate machinery that accelerates the situation in factories in combination with the low efficiency and low productivity of staff. This issue will be addressed in detail in the following Chapter 6.
Another identified element in skills shortage was the absence of selling skills which is linked to the second theme - marketing culture. Respondent A (005) referred to the absence of: “...promotional/selling activities - aimed at increased awareness of the product among the potential investors... poor sales skills when communicating with buyers...”

Respondent A (001) factory exhaustively described the importance of relevant skills and market orientation for the apparel industry:

“...apparel is a buyer - driven industry, with low entry barriers. Therefore, maintenance of the competitive position is directly hinged on beneficial networking and linkages with buyers/clients. In that regard, marketing culture, strong sales skills, customer focus and communication are the key inputs for reinforcing the strong positioning”.

The value attached to skilled staff has seen common response among all participants. However, comparison of 001 and 002 factories reveals differences in steps undertaken by the factories in terms of ensuring the presence of skilful staff. Factory (001) management seems to understand its value through practical implication by ensuring the presence of cross-trained staff equipped with relevant knowledge and capabilities.

On the other hand, factory (002), despite the acknowledgment of the challenges, still faces the shortage of human and financial resources to eliminate the issue. However, it raises the question - how valid is the recognition of the fact without implementation of actual steps to address the challenges. Above all, training centres fail to meet the expectation of factories in terms of skills development. The combination of ailing factors creates the shortage of relevant skills that affects not only functioning of the existing marketing intelligence model but also the overall competitiveness of Georgia's apparel industry. These challenges will be addressed in the following chapter.

A closer look at the available skills enabled the researcher to address objectives 3 and 4 and evaluate the impact of skills shortage on the application and effectiveness of the existing marketing intelligence model and on the development of the apparel industry.
5.6 The attitude of the management and employees towards the marketing culture/marketing intelligence in Georgia’s apparel factories.

Question 1 - How can you describe the effective marketing intelligence model? To what degree does it have an influence on the competitiveness of the apparel industry?

Respondent A (002) described the effective marketing intelligence as:

“... a successful practice of obtaining, processing and using the relevant piece of information on time in order to be proactive and respond to changing market needs and challenges efficiently on time. It is directly related to the competitiveness of the apparel industry since in my opinion the absence of relevant information triggers consequent absence of input required for increased competitiveness of the apparel industry.

It has a huge impact on the competitiveness of any industry and especially on the apparel since the apparel industry is characterized by being the most varying and demanding industries. And the reason is that clients/buyers become more and more demanding every year and hence the effective collaboration with them can't be achieved without being constantly updated on trends, tastes, tendencies and requirements of the market. For the apparel industry, the competitiveness hinges on the successful implementation of strategies, which is supposed to be designed based on an acquired intelligence”.

This view was shared by B and C respondents (002) but respondent C (002) provided more details which reflect the reality among many local factories in Georgia: “... it can be the case that some factories understand its importance but don’t have enough money to implement it...”

Primary data reveals that 002 factory, with relatively fresh attitude and smart management, seems to be in a better position in terms of understanding the benefits of marketing intelligence. However, there is a gap between the theoretical understanding of marketing intelligence among the respondents of 002 and the practical implementation of its values. As a justification for the gap, the identified challenges can be recalled such as: the developing marketing culture and the
absence of adequate skills to obtain, process and integrate intelligence into a rational decision-making process, as well as a financial shortage. These issues will be addressed in the following chapter.

In contrast, 001 factory management not only views marketing intelligence, as a means that enhances the improved positioning and competitiveness of the factory, but also benefits from the value of its practical implementation. As described by respondent A (001): “... we have very effective model...information is always updated on time from our head office. In the apparel industry, competitiveness depends on how fast companies get updated on new market requirements...”. This comment demonstrates the importance 001 attaches to marketing intelligence and most importantly to the process of updating data since it provides a platform for remaining competitive.

Respondent A (004) described the effective marketing intelligence model as a vital ingredient for the competitiveness: “...competitiveness of the apparel industry must have its own ingredients... for sure one of the ingredients is marketing intelligence model...” Respondent A (003) pointed out that those companies with effective marketing intelligence must have: “...more mobilized employees with common vision and goals, equipped with more knowledge and information that will help to have the best understanding of market requirements. This, in turn, will have positive influences on the competitiveness of any industry not only apparel and textile”.

As revealed above, all respondents indicated the need for an effective marketing intelligence model particularly in the apparel industry in order to remain competitive and responsive to market needs. However, as shown from earlier comments fragile marketing background weakens the effective functioning of the model. Amongst many identified challenges, apart from the poor marketing background and weak skills, respondents referred to post-Soviet mindset and the consequent wrong attitude that increases resistance to change and innovation. The administered question was:

**Question 2 - Do you believe that post-Soviet mindset (the old Soviet way of thinking expressed in unwillingness to follow new competitive market requirements that claim the presence of a strong strategic and marketing planning with the focus on customers) is still prevailing**
among the apparel industry representatives, especially among relatively elderly managers that prevents the successful development of the sector?

Respondent A (002):

“It has devastating impact, creating more resistance to change, more resistance to investing in relevant re-equipment or re-training of sewers in order to meet the growing demand of rapidly changing global apparel industry in the light of harsh competition from other low cost courtiers like India, Pakistan, Bangladesh etc. and most importantly it has negative implication in working culture”. “.... prevailing post - Soviet mindset creates severe problems at all levels, local managers including some employees want maximum output with the minimum input and reveal resistance to even minor changes that deter the development of local industry. Most importantly these managers with post - Soviet mindset are left in times when bribery was the key tool for obtaining new contracts with local buyers. Today, this trend is fully eliminated, corruption level is zero in our county, and bribery is no longer the solution to problems. Today, even local buyers are more demanding, requiring quality and strict observance of deadlines. The only way to meet the sophisticated clients’ requirements is being customer oriented, which is missing in our country due to a weak marketing background...”

Respondent B (002) factory also highlighted the challenge of the existing post-Soviet mindset: “...I can say that some of the sewers in our team suffer from the so-called post-Soviet mindset...” in her view such attitude increases resistance to change and innovation which is essential in the apparel industry: “... innovation is always associated with extra workload that for relatively old employees is the least desired process...”. This comment raises the question regarding the reason for keeping such employees, which was clarified by respondent B (002): “....the most painful problem is finding young sewers. In the light of high unemployment rate, youth is less attracted by factory job. They prefer working with the fashion designers compared to the factory. Hence we have to keep our employees”. This comment also demonstrates the turnover issue which is apparent in 001 factory as well: “... since we mostly recruit women, the turnover is high for various reasons such as pregnancy, this turnover is especially pivotal in Adjara region, where women try to find seasonal jobs (especially in
summer, like in cafes, hotels etc) which are hefty in Adjara, especially in summer time due to being one of the key tourist destinations in Georgia”.

Respondent A (001):

"... in some cases, the mindset contributes to being organized and in our business being organized provides a foundation for success. In most factories the management is Georgian with the so-called post-Soviet mindset, consequently, priorities are not well considered, factories are less organized, they can deal with small orders but dealing with big brands requires companies to be organized and appreciate the value of a timely performance with a minimum waste.

Due to strictly fixed mindset some managers remain stuck in an old style of thinking that deprives them of the ability to evaluate market needs and consequently adapt to a new environment. And in our business profitability is directly related to a number or contracts made with clients and the volume of orders”.

All interviewees acknowledge that in the light of weak marketing culture, still predominant post-Soviet mindset and the consequent inappropriate attitude creates serious challenges in terms of ensuring mutually beneficial relationship with potential buyers/clients both locally and globally. These comments raise the question of staff turnover, resistance to change and wrong attitude derived from post-Soviet mindset which will be addressed in the following chapter.

The challenge of resistance to innovation was well described by respondent C (002), where she brought in the problem of employees’ maturity and age:

"...the age plays vital role in terms of accepting the challenges and innovations, especially in the apparel industry. Our sewers specialize in one line production - uniforms, hence shift to new challenges and engagement into several lines production are associated with the resistance especially among relatively older sewers. Younger's attitude is more open, willing to get engaged in more complex production and produce high fashion end items".
Respondent A (004) identified the issue of post-Soviet mindset even among relatively elderly fashion designers: “...among those designers post - Soviet mindset is reflected in the lack of willingness to be more open, cooperative and flexible...” Respondent A (005) also pointed out: “...the post-Soviet mindset in combination with the absence of marketing culture represent the major source of all problems within local apparel industry...” Respondent A (003) attributed all challenges to post-Soviet mindset: “...I think 99% of troubles are coming from the so-called post-Soviet mindset...”.

Examination of attitude displayed by the management and employees towards the marketing culture and the existing marketing intelligence model enabled the researcher to address objectives 3 and evaluate the impact of prevailing attitude on the effective application of the existing marketing intelligence model. As comments demonstrate, all respondents express regret for the developing marketing culture in Georgia that affects the smooth functioning of the existing marketing intelligence model and the development of the apparel industry.

5.7 Profitability of the factories measured in terms of the number of contracts and comparison of sales figures in 2011-2013 as a result of targeted activities undertaken by the USAID EPI-Georgia project.

Question 1 - The number of contracts with local buyers/ international buyers? (For the period 2011-2013).

Respondent A (001): “...currently we have huge order from X brand...” The factory also collaborates with “… Zara, Mexx, Next, George, Tommy Hilfiger...there are some brands collaborating with us for more than 8 years...”

Respondent A (002): “…the local on average term 5-6 contacts per year, initially we had 2 contracts with Ukraine now we are having more contracts with the Ukraine and 2 contracts with Turkey. But all contracts are short term contracts”.

As demonstrated from the response, 002 factory on average has 5-6 short term contracts. However, respondent A (002) focused on the fact that initially the factory got two contracts from Ukraine followed by two more contracts from the Turkish client. In his view, despite the
fact that all contracts are short-term contracts, they have started cooperation with the international buyers to the benefit of the company. As he explained: “... dealing with the international clients is a good lesson for us”. This topic will be addressed in the following chapter.

In contrast, respondent A (001) underlined the ongoing 8 years cooperation with one of the famous UK brands, which in the respondent’s view is very successful and has facilitated the sharing of knowledge and experience among local staff. As explained by the respondent: “...the more you are producing for big brands, the more you become competitive...” However, according to the respondent, this is not the only contract for the factory, since they constantly collaborate with other brands such as Zara, Mexx, Next, George. 001 factory has even engaged in relatively high fashion production. Partnership with famous brands is an indication of a high-quality production and a higher efficiency.

In general, neighbouring Turkey is interested in investing in Georgia's apparel industry. Respondent A (002) highlighted this topic: “...with the rising prices Turkey successfully selected beneficial destination for outsourcing in Georgia...” The reason for Turkish interest in Georgia’s apparel industry and the preventing factors will be covered further in the chapter.

5.8 Capacity building activities undertaken by the USAID project - EPI Georgia, together with the participants of the present research

Several targeted actions have been undertaken by the donor organization during 2011-2013 in support of Georgia’s apparel industry development. Apparel is a labour-intensive industry capable of combating unemployment and therefore is considered a priority area for the Government of Georgia. International apparel industry experts' assessment of Georgia's apparel manufacturing revealed a number of concern areas in need of immediate resolution, among which were the weak marketing culture and the consequent absence of market linkages. For that reason, targeted trainings have been conducted for Georgia's apparel industry representatives aimed at increasing awareness on the importance of marketing culture, effective communication and sales skills in order to build beneficial relationship with potential buyers.
Knowledge acquired by the participants through training was practiced at pre-selected trade fairs. The repeated presence at trade fairs was targeted for developing selling and marketing skills relevant for apparel industry and creating and reinforcing market linkages with various international brands. Visiting selected trade fairs also aimed at improving the general marketing culture, increasing awareness on global trends in the apparel sector, gaining experience in competitive interaction with clients and facilitating contracts with international buyers. The following targeted trainings have been conducted, followed by visiting the selected trade fairs. The value and impact of undertaken activities on the factories will be discussed in the following chapter.

**Table 5:1 Targeted training**

<table>
<thead>
<tr>
<th>Year</th>
<th>Trainings</th>
</tr>
</thead>
</table>
| 2011 | One day training aimed at increasing awareness of the importance of enhancing the development of marketing culture (international expert).  
One day training - “how to sell at trade fairs” - with the focus on effective interaction with international buyers (international expert). |
| 2012 | One day training aimed at enhancing the development of marketing culture and application of marketing tools (international expert).  
One day training - “how to behave at trade fair” (international expert), with the focus on selling, effective interaction and negotiation (international expert). |
| 2013 | One day training (TOT- training of trainers) for the development of technical training skills (international expert). |


**Table 5:2 Visited trade fairs. The selection of countries and trade fairs was done by the USAID exers as a result of Georgia's apparel section assessment**

<table>
<thead>
<tr>
<th>Year</th>
<th>Country</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>Kiev</td>
</tr>
<tr>
<td>2012</td>
<td>Kiev and Istanbul</td>
</tr>
<tr>
<td>2013</td>
<td>ISPO -Munich, Messe - Frankfurt and Paris</td>
</tr>
</tbody>
</table>

5.9 The results of activities undertaken by the USAID - EPI Georgia in term of sales figures.

Companies operating in Georgia are not required to make financial statement public, apart from banks; therefore the researcher had limited access to figures which have been slightly changed and rounded at the request of the participants. However, the change of figures has been done in a manner to reflect the real condition in the factories.

One of the criteria for evaluation was profit generated from sales. Initially, the equity in Georgia’s factory 002 was GEL 500,000 in 2011. In years 2011, 2012, 2013 the USAID project invested in targeted activities aimed at facilitating the development of post-Soviet Georgia’s apparel industry. These activities were reflected in special trainings to develop marketing skills, followed by the repeated presence at pre-selected trade fairs to create and reinforce market linkages with potential international clients /brands.

With the investment in targeted activities totalling USD 10,000 in the first year, USD 15 000 in the second year, and USD 20 000 in the third year and with the consideration of available figures, the growth rate, ROI (Return on investment) and TOT (Total asset turnover) were calculated for local factory 002 for the three years under study. Figures are provided below in pic 1.

With the targeted activities, the factory (002) has made strides and total sales have seen increases within the years between 2011- 1013. The organic growth and extra growth with the intervention of trainings are provided in table 5.4 further below:

**Table 5:3 Georgian factory 002**

<table>
<thead>
<tr>
<th>Year</th>
<th>Exp (Gel)</th>
<th>Local (Gel)</th>
<th>Total sales (Gel)</th>
<th>Cost of investment in marketing skills improvement in Gel (rate)</th>
<th>Gain on investment in Gel (rate)</th>
<th>ROI (Profitability)</th>
<th>TAT (Efficiency)</th>
</tr>
</thead>
</table>
Table 5:4 Growth rate of Georgian factory 002

<table>
<thead>
<tr>
<th>Year</th>
<th>Export</th>
<th>Local</th>
<th>Total sale</th>
<th>Organic Growth</th>
<th>Extra Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>0%</td>
<td>22.5%</td>
<td>22.5%</td>
<td>10%</td>
<td>12.5%</td>
</tr>
<tr>
<td>2012</td>
<td>0%</td>
<td>8.2%</td>
<td>12.4%</td>
<td>10%</td>
<td>2.4%</td>
</tr>
<tr>
<td>2013</td>
<td>284.6%</td>
<td>2.5%</td>
<td>13.2%</td>
<td>10%</td>
<td>3.2%</td>
</tr>
</tbody>
</table>

Source: The interviews and annual report of 002 factory (2010-2013). Figures have been slightly changed at the request of interviewee.

Figure 5-3 Sales distribution for Georgian factory 002 from 2010-2013

Source: The interviews and annual report of 002 factory (2010-2013). Figures have been slightly changed at the request of interviewee.
In the Figure 5.3 above, if we look at factory’s export indicators in 2010/2011, it did not have international orders at all. As a result of visiting trade fairs, in effective combination with more customer-focused attitude and increased awareness on valuable interaction with potential buyers through offered trainings, the company managed to get orders first from Ukraine in 2012, followed by another contract from Turkey in 2013. Despite the fact that these were short-term contracts, it still made a significant difference for the company in terms of mastering skills and sharing relevant experience. Most importantly, it demonstrates the capacity of local manufacturers to establish a beneficial relationship with the international buyers/clients.

In view of Georgia’s apparel market development, with predominant local orders from the Government and other local organizations, the organic growth of 10% was anticipated without any intervention through the pinpointed trainings and trade fairs. However, targeted approach for creation of marketing orientation and exposure to trade fairs facilitated extra growth, which in the first year reached 12.5% followed by 2.4 and 3.2% in the subsequent years. It should be noted that the effect of training was impressive in the first year, due to weak presence of marketing direction within factory 002. However, further years also revealed steady growth, which supports the assumption that maintenance of marketing orientation within the factories can facilitate the extra growth of 2-3%, which for the slowly Georgia’s apparel industry is very realistic and feasible.

It should be noted that engagement in export activities is tough in the initial stages, in view of low efficiency and low productivity. Therefore, collaboration with the international brands serves as one of the best tools for mastering skills for efficiency, which is likely to happen in 002. 002 factory, with relatively smart management and openness to challenges, will be able to further master skills and steadily eliminate the challenge of low efficiency. However, the presence of market orientation is vital in terms of successful engagement in export activities.

The productivity and profitability indicators are different in Turkish owned factory 001, where on-site trainings and marketing orientation are common aspects. With the focus on market needs and continuous skills development, the factory experiences steady growth. However, the factory is involved only in export activities. The growth rate within the three years 2011-2013 was follows:
Table 5:5 Turkish factory 001

<table>
<thead>
<tr>
<th>Year</th>
<th>Growth rate by years</th>
<th>Total export</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>0%</td>
<td>8200000</td>
</tr>
<tr>
<td>2012</td>
<td>2.44%</td>
<td>8400000</td>
</tr>
<tr>
<td>2013</td>
<td>5.95%</td>
<td>8900000</td>
</tr>
</tbody>
</table>

Source: The interviews and annual report of 001 factory (2011-2013). Figures have been slightly changed at the request of interviewee

Comparison of sales figures show that Turkish owned factory (001) has more sales. It implies the presence of more free cash flow, which can be used for the development of marketing skills. On the other hand Georgia’s factory (002), due to lower sales figures requires extra finance to facilitate the marketing skills development. For that reason, the involvement of financial institution and the Government to ensure better and reasonable access to finance can speed up the apparel industry development process and successful long term engagement in export activities.

However, it should be noted that during the USAID project, not only 002 but other local factories have also been involved in the targeted activities. All participant local factories had the same opportunities of being exposed to similar trainings and trade fairs. However, simply training and presence at trade fairs are not sufficient, unless there is a healthy attitude of management towards innovations and improvement. Other local factories also had an opportunity to create linkages with potential buyers; however, the post-Soviet mindset prevailed in some cases which prevented...
better understanding of market orientation among managers. Hence, it should be underlined that even if local companies are provided access to adequate finance for improvement of marketing skills, attention must be directed to the managements’ attitude and mindset.

5.10 The reason for Turkish presence in Georgia’s apparel industry

The assessment of Georgia’s apparel industry and Turkish presence in Georgia revealed that the reason Turkey remains interested in local apparel industry is the efficiency seeking investment. According to Fruman (2016), efficiency-seeking investment is a type of FDI (foreign direct investment) investment that comes into a country seeking to benefit from factors that enable it to compete in international markets. This sort of investment is mostly crucial for countries such as Georgia, trying to integrate into the global economy and move up the value chain. Georgia’s apparel value chain is in urgent need of stepping up the value chain, with the current positioning competitiveness cannot be enhanced effectively.

A closer look at Georgia’s apparel industry and the environment, in which the manufacturing is being developed, has revealed the presence of some attractive factors for efficiency-seeking investment. Some of these factors are: competitive labour cost, low utility prices, unique location by bordering Turkey, Free Trade Agreement with Turkey and CIS countries, simplified export and import procedures and business friendly environment free of corruption. However, all these factors are more external factors. Challenges are hefty in the internal environment. A further attraction of FDI is hinged on the elimination of issues outlined in the present study.

5.11 Other challenges identified by the participants that deter the effective functioning of the existing marketing intelligence model

Question 1- In your view, what are the major challenges within local apparel industry?

Respondent A (002):

“... the absence of support from the financial institutions and a weak support from the Government. Most of our factories are in need of taking loans from the banks in order to
buy raw material to fulfil clients' orders. However, instead of encouraging the sector development, the interest on loans is so high that most of the factories fear the risk of turning insolvent and consequently remain without orders. So, the Government needs to introduce some regulation to stimulate the sector growth and allow special low interest on specific loans aimed at facilitating local apparel industry growth...”

The absence of the Government support was also highlighted by respondent A (003):

“... we are trying to meet with the Government representatives to highlight major challenges and areas in need of immediate assistance, however, in reality, the Government just listens to us but lacks the actions. You know without full Government support the apparel industry can’t develop.... the Government wants quick results and therefore disregard many key concern areas that require immediate solution....the Government of Turkey did miracles in 10 years by introducing the adequate regulations and rules. Amongst regulations were special allowances for the industry development, 10 years exemption from taxes etc. that really assisted in turning Turkey as one of the most successful apparel and textile hubs”.

In the view of respondent A (003), the Government wants quick results and therefore disregard many key concern areas that require immediate solution. The respondent even provided an example of Turkish Government’s successful intervention that greatly facilitated Turkish apparel industry development.

The comments above demonstrated the absence of needed support from the Government. However, respondent A from 005 provided more clarification with regard to the Government’s involvement in terms of the sector development and attributed challenges to the developing marketing background:

“...indeed there is a need for an effective investment promotion and local Government is going well in that regard. However, even in investment promotion, there is an urgent need for sophisticated marketing culture and an effective functioning of marketing intelligence model. There is an absence of a high-quality marketing strategy to attract foreign investors. Successful implementation of investment promotion strategies is hinged on
dissemination of adequate piece of information, in that regard, marketing managers need to reveal the ability to deliver brand image building advertising and use of promotional materials”.

This comment raises the issue of communication with the Government which is linked to theme one and the poor marketing background linked to theme two. These issues will be addressed in the following chapter.

Another challenge identified by most of the respondents is the absence of any raw production in post-Soviet Georgia, which creates challenges for the apparel industry development. Respondent A (002) clarified the impact of this issue on Georgia’s apparel industry:

"The absence of the local production significantly increases general apparel production costs, therefore even local companies sometimes prefer placing an order in other low-cost courtiers like China...today brands prefer placing orders in the countries where raw material is produced such as India, Bangladesh, and China...”.

The problem regarding the absence of the local raw production has been acknowledged by all manufacturers. Another issue which prevents the full compliance of local manufacturers with the international standards is a weak HSE (Health, Safety & Environment). As explained by respondent B (002), there is a need to increase safety in the local factories: “Most factories generally appear to be socially compliant with the safety and workplace conditions and most importantly none of us use child labour. However, the level of safety must be increased...”

The issue of mentality was mentioned by respondent A (004):

“...we have problems with the mentality both among the designers and the local manufacturers that prevent the finding of a common language.... apart from CMT practice the local manufacturers face a need of adding value through diversifying their resources in various aspects, among them is a fashion industry which can contribute to adding value through the engagement of local manufacturers not only on CMT practice but also in design of a model for a new product line with the assistance of local designers...”
This challenge is very much linked with the first theme communication. The absence of communication between the parties is attributed to the mentality of industry representatives, which is also related to fourth theme attitude. These issues will be addressed in the following chapter.

Respondent A (005) described the shortage of international buyers, which is linked to theme one communication and theme two poor marketing culture:

“... the lack of international buyers/clients. Only a few factories cooperate with the international clients. In that regard, most of the problems stem from poor marketing culture and poor communication skills. These problems are associated with the existing challenges that I have already mentioned such as: communication problem and absence of strong marketing skills”.

Respondent A (005) raised the question about the reluctance of local manufacturers to fully absorb the opportunities at local market and provided an example of another small Turkish factory operating in Georgia, which sells at Lilo market. Lilo is the famous wholesale market in Georgia. As explained by respondent A (005):

“...most of the factories participate in the Government tenders comprising only uniform production. Hence, local factories focus only on uniform production and reveal reluctance to fully absorb other local market opportunities. (E.g. we have one Turkish investor who has started with 20 people now reached 80 employees. They produce lingerie for local market and successfully sell at Lilo market. The same can be done by local factories). So, local factories can think this way and start producing simple, not expensive items that can easily be sold at the open market, E.g. t-shirts, lingerie etc...”

Respondent A (004) elaborated on the poor perception of local manufacturers and local designers with respect to each other’s knowledge and ability to meet the quality requirements. Such attitude displays uncertainty and lack of trust between these two parties. For more clarification respondent A (004) went further than just stating the fact, she provided viewpoints of each party that prevent the effective cooperation between local manufacturers and local designers.
“Key challenges in collaboration with local manufacturers - local designers’ viewpoint:

- The inability of Georgian manufacturers to deal with the quality required by local designers.
- Georgian manufacturers' inflexibility.
- Absence of skills required by designers (e.g. inability to process and work on silk etc.)
- Lack of investment in required technology.
- Manufacturers push designers' orders to the back of the queue, giving preference to the state orders, which is easier.
- Payment problem, since factories claim cash in advance or on delivery.

Key challenges in collaboration with Georgian designers - local manufacturers’ viewpoint:

- Designers’ lack of technical background in garment construction which in most cases hampers accurate communication.
- Last minute small quantity order with no clarification.
- Payment problems: designers’ inability to pay in advance that creates problems for manufacturers constantly having the lack of funding “.

This comment draws attention to the existing challenges, having negative reflection for weak communication, scarcity of skills and inflexibility that will be addressed in the following chapter.

Another concern area revealed by respondent A (003) is the inability of local industry to realize the potential for improvement into reality:

...the most sensitive issue for the local apparel industry is to realize the potential for improvement into reality. Most experts are saying that major changes and improvements are happening at large in more sustainable factories, we call them Tier - 1 factories. However, for developing countries, with the emerging and developing industries, rapid improvement in productivity, flexibility and sustainability is a big challenge due to, first of all financial problems and secondly due to knowledge gap...".
Picture C below provides the summary of all identified challenges with the quotation frequency, which will be addressed in the following chapter.

5.12 Summary of challenges identified by all respondents.

The summary provides a richer picture of the challenges existing in Georgia’s apparel industry. It is based on both official and unofficial interviews that took place between 2011-2014 when the researcher was a part of the USAID project and was involved in many informal/formal meetings and discussions surrounding this topic. The fieldwork enabled the researcher to collaborate with the representatives of the apparel and related industries, meet with international experts and share their stories and experiences. Both official and unofficial meetings and interviews revealed different attitudes and different concerns over the issue that enhanced the story and provided more details on the research topic. Consequently, summary reflects ideas coming from different parties such as: the apparel factories in Georgia, apparel and footwear association of Georgia, the Government of Georgia, vocational educational centres, Tbilisi fashion week, USAID local and international experts and Georgian fashion designers. Information from various stakeholders and experts provided a bigger picture of the weaknesses that prevent the development of the industry. More importantly, views from various parties in combination with the fieldwork enabled the researcher to understand the practice-related problems to capture the depth of the issue that provided the basis for a case study research.

Apart from major hindering factors, acknowledged by all respondents, other issues have been identified through unofficial meetings, the summary of which is provided below. This reflects different ideas and attitudes that still exist among the industry representatives and stakeholders.

Despite the established good relationship with the apparel industry representatives and stakeholders, the researcher's professionalism prevented any bias by being objective both during official and unofficial interviews. Despite the semi-structured nature of interviews, which increased the comparability of responses, all major questions were used in the same order. During all interviews, the collected data was recorded immediately after or during the meeting to avoid the researcher’s subjective interpretation. To minimise the bias the researcher used data source triangulation to support the interpretation of data. During the interview, the researcher
refrained from expressing own views on the topic to keep the conversation smooth. Such environment helped to avoid the potential bias and assured the integrity of the research

- **The absence of the Government support** - all factory respondents from unofficial interviews highlighted the problem of high wastage which is detrimental for a factory’s profitability. It is attributed to skills shortage and low efficiency that result into uneconomic use of fabrics and time. However, the problem of waste is related to another major issue, in need of immediate solution - the absence of waste management procedure. As explained by the respondents, high wastage costs money since it becomes the subject of taxation for a factory. Respondents even voiced concern over the inaction of the Government and of the association in terms of addressing this issue. The Government and the apparel association seems to be addressing the issues however the existing rules and regulations are ambiguous leaving the issues unsolved for the apparel manufacturers. Such environment one more time highlights the inactivity of the government or the wrong intervention with no tangible solution in support of the industry advancement.

- **The absence of support from the financial institutions, which is attributed to poor Government support** - all factory representatives in Tbilisi, Kutaisi and Batumi highlighted the problems associated with the lack of support from the financial institutions. According to respondents, it is well known fact that the key buyers (clients) of the local production are the State owned units (e.g hospitals, fire fighters, and other units requiring uniforms) which place orders with the tender winner company. The state tender excludes advance payment to winner factories that creates significant problems to already financially distressed local factories, posing need to take more loans in order to get raw and fulfil the order. At this background, banks, instead of facilitating the commencement of local business, claim immensely high interest, leaving no extra money for the companies to invest in upgrading, re-equipment or expansion. Unfortunately, raw production in Georgia is absent, in old time some silk and cotton was produced that was put to an end with the collapse of the Soviet Union, therefore Georgian apparel manufacturers have to supply material mostly from Turkey that requires extra expenses. As revealed, local apparel manufacturers face the whole array of external challenges that in combination with internal challenges such as unskilled labour, inefficiency, low
productivity and absence of R&D results into an appalling reality of a present apparel industry.

- **The absence of Government support for encouraging the engagement of local factories in to the state tenders** - apparel and footwear association representatives also elaborated on the absence of the government support in terms of ensuring the presence of adequate state tender, providing equal terms for all participants. As noted by the respondent, the current tender terms enable any individual or company to take part in the competition without any required assets of skills (without supporting documents of having apparel factory and related equipment or experience). It implies that any individual/company, without having experience in the apparel industry, can win the bid due to offering the best terms to the state (under the best terms the respondent refereed to unrealistic lowest price and delivery time). As a result, participants, with adequate experience and skills, might be left without orders. There have been the cases when inexperienced individuals won the tender due to offered unrealistic terms. As a result, the order was placed in China rather than in the local factories. Such tenders once again support the idea that the Government is not controlling the tender terms and there are no strict requirements that could have set certain limitations for the participants. Such approach facilitates the outflow of orders to other low-cost countries leaving the local apparel manufacturers without job. The respondent argued that this is very sensitive issue in need of resolution with a strong involvement of the Government. The respondent believes that such unfair terms discourage local factories to participate and upgrade skills for the local tenders since the participation and especially winning becomes unrealistic. In developing country of Georgia where the apparel industry is considered as one of the priority industries for the Government, such approach seems to be impractical and discouraging.

- **The strong Government support** – in contrast to the above point the Government representatives talked on the support of the government for the advancement of Georgia’s apparel industry. As noted by the respondent: “from the beginning of 2003, the Government of Georgia (GoG) implemented a range of broad and comprehensive reforms, including those dedicated to improving the general business and investment
environment. Georgia has a liberal tax jurisdiction; the number of taxes decreased from 21 to six, tax rates were reduced and tax administration was streamlined. From 2011, a new Tax Code entered into force, based on international best practice. Preferential treatment for SMEs was also introduced. The simplification of customs procedures, reduction in a number of licenses and permits, and the introduction of “one-stop-shops” and “silence is consent” principles, positively impacted the business environment. Labour regulations in Georgia are liberal and investor-oriented. The battle against corruption was one of the most successful reforms. According to Transparency International (2010), Georgia was rated first in the world in terms of decreasing corruption levels (public perception – with 78% of those surveyed claiming that the corruption level had decreased”). In view of the government representatives they are doing their best in support of apparel industry development, however further advancement hinges on the efforts undertaken by the industry members, which to a certain degree reflects a reality.

- **Still prevailing post-Soviet mindset** - another challenge identified by the respondents is the wrong structure and inactivity of the apparel & footwear association. All industry representatives admitted through the unofficial meetings that they remain reluctant to join the association despite the fact that association plays vital role in the industry development. The reason for such attitude is that the chairman of the association is himself the owner of one the factories that creates the conflict of interests. As noted by the respondent, one of the responsibilities of the association must be the creation of linkages between the local factories and the buyers. However, respondents believe that in case the association finds attractive buyers/ clients and sign a contract, the priority will be given to his factory due to bias and Georgian mindset. Such environment creates the conflict of interests that discourages the potential members to join the association and reinforce its strong positioning. Again this challenge highlights the post-Soviet mindset where the spirit of unity with the common goal to create the strong apparel industry is missing. Such mindset affects the advancement of the apparel industry.
• **Poor working culture as a result of post-Soviet mindset** - respondents from other Turkish factories highlighted the health and safety issues in Georgian factories such as: poor design of emergency evacuation routes not posted visibly on the wall in each work, storage, and office area, the absence of exit signs in the event of need for emergency evacuation. As explained by respondents from the Turkish factories such factors are relevant for the international buyers /clients. Hence the absence of these relevant aspects discourages international buyers. In terms of safety, working culture was referred to as well, namely the ill practice of sewers by not using safety gloves and safety glasses when required to prevent eye injury in the event a needle shatters a button creating projectiles of broken needle and button parts. The poor working culture can partly be attributed to post-Soviet environment and underestimation of health and safety issues.

• **Poor working culture** - one of the USAID international experts noted that nascent Georgia’s apparel sector needed to address many challenges in order to become sustainable in a long run. One of the most sensitive areas in need of a rapid solution is the wrong attitude and wrong mindset of both employees and employers. During the visit in Georgia the expert visited several factories and acknowledged that collaboration with the apparel factories revealed the absence of a right management attitude displayed against employees that indirectly affected the general performance and hence the profitability of a company. As noted by the respondent “managers in most cases don’t seem to be involved in a production process, don’t even know what the key challenges are that prevent the smooth operation of each line. Employees don’t feel the relevance of their presence within the factories due to the absence of motivation and support hence reveals no desire for further growth and career development”. People with a growth mindset tend to be highly dedicated and hardworking with the focus on getting more knowledge to become smarter, seem to be more motivated to learn and exert knowledge and even outperform those with the fixed mindset. In local factories, this attitude is missing leaving factories slowly developing and unable to rapidly enter the international market.

• **The absence of full package service** - the USAID international experts highlighted very sensitive issue that prevents the competitiveness of Georgia’s apparel industry. The
shortage of skills in combination with reluctance to master new skills and welcome innovation harms the capacity of Georgia’s manufacturers to provide full package services (procurement and financing of raw materials, developing patterns and technical specifications from a sketch, and other ancillary services that enable a buyer to deliver a sketch and receive a fully completed order). As explained by the expert in the highly competitive apparel industry, where the competition takes place not only at the manufacturing level but also at the augmented level, inability to offer the full package is the least attractive thing.

- **The problem of low efficiency** - one of the USAID international experts explained that today in the light of harsh competition “International brands and retailers seek three important attributes beyond price in their decisions to contract in a particular country and with a particular factory for the production of the wearing apparel they need: 1) consistent product quality in exact accordance with the brand or retailer’s product specifications, 2) strict adherence to international standards for social compliance (safety, fair and equitable treatment of workers, environmental impact, and the like), and 3) competitive levels of factory productivity (process and worker). The Georgian apparel firms have problems in all three areas”. However, compliance with all three attributes requires close collaboration between the VETs and the industry members in order to improve the efficiency and working culture in Georgia’s apparel industry.

- **The problem of low efficiency** - representatives of Tbilisi fashion week noted that the global apparel industry had seen dramatic changes over the last few years. Production costs have risen in several major low cost sourcing countries due to a sharp increase in the costs of labour, energy and raw materials. The global apparel industry has begun to stretch old boundaries to find new ways of reducing operating costs, achieving competitive advantage, and improving the bottom line. Due to these developments, many brands started diversifying in sourcing partners from other low cost countries. It is in this context that Georgia has the opportunity to position itself as a destination for outsourcing and investment in the apparel sector. However low efficiency and poor marketing background suspends the further development of the sector.
- **The absence of CRS responsibilities** - USAID international experts identified the absence of CSR in Georgia’s apparel industry. According to respondent, the competitive environment imposed need for more than just quality. “Among many other requirements imposed by the international buyers and brands is the effective practice of Corporate Social Responsibility (CSR) and compliance with established standards. This is very important trends picked up by many companies, which is incorporated in general business and not a separate project. Corporate Social Responsibility (CSR) has turned into a relevant matter for businesses and their stakeholders in recent years and hence measuring CSR greatly facilitates to decision makers in terms of making intelligent decisions about and for businesses and their stakeholders. Georgian apparel factories are aware of the necessity to do so but the problem is the prioritization. Georgia has a great potential for the industry growth if factories become flexible and adapt to a global market requirement. The level of acceptance from the Georgian manufacturers needs to be increased and in combination with the competitive labour and utility costs, strategic location and business friendly environment, it can provide unique platform for turning Georgia into one of the successful and attractive destinations for outsourcing and investment for many European brands, especially at the background of growing tendency to shift in sourcing from China to other low – cost countries”.

- **Wrong attitude among younger** - representatives of the vocational educational centre (VET) highlighted another big problem of Georgian mindset. In view of respondents graduates revealed wrong attitude. Despite the endeavour of VET to invest in skills development and facilitate the creation of skilful staff, there is an absence of enthusiasm among graduates and unwillingness to contribute to creating efficient production process. After a pilot training, graduates commence thinking too high of acquired skills, considering themselves capable of doing all complex operations and hence demanding high salary which is not characterizing for the beginner operator. Operators’ salary around the world grows slowly with the acquired skills enabling sewers to prepare more pieces in a shooter time and hence get higher salary. In addition, some of graduates even express idea of establishing their own small atelier rather than being in the factories, since smaller ateliers in form of personal business provide more freedom, flexibility and
most importantly absence of control from the management side which in most of Georgians mindset acquire the highest priority.

- **Inconsistency of VETs programs** - one of the USAID representatives highlighted the following problems: “the absence of adequate vocational training centres that require better alignment with industry needs; the absence of a cohesive industry- and firm-level marketing strategy and plan (including business linkages) targeted to a) international brands and retailers and b) foreign investors; the absence of awareness building campaign designed to change the quality image of Georgianmade wearing apparel, drawing on similar experiences from Japan, South Korea, and Taiwan; and the absence of value-added services such as design (technical and fashion), pattern making, product quality lab testing, labels, and packaging”.

- **Inconsistency of VETs programs** - in contrast to above comments from VETs, all factories, including the apparel & footwear association highlighted the fact that VETs never estimate the real industry needs. Factory representatives noted that nobody has done a realistic assessment of the industry needs. Such attitude even deepens the gap in skills shortage that affects the competitiveness of the industry and the engagement of local factories into the export activities.

- **SWOT analysis** - USAID international expert M. Bishop provided SWOT analyses of Georgia’s apparel industry:

  **STRENGTHS**
  - High fashion interest among sophisticated, well-educated, and largely homogenous local market;
  - History of high quality, mass-market garment production & current production for major international mass-market brands & retailers;
  - Local fashion & technical design talent;
  - Voids in the retail market place, whether by category of merchandise, price point, or style.

  **WEAKNESSES**
✓ Inconsistent vocational training for production personnel;
✓ Negligible domestic textile production;
✓ Very small domestic apparel market with low-average purchasing power;
✓ Absence of domestic mass market apparel brands;
✓ Poor local image of quality for domestic products / local prejudice against domestically produced apparel;
✓ Individualized fashion preference among most profitable Georgian consumer segments.

**OPPORTUNITIES**

✓ Global shift of production out of China by international brands & retailers
✓ Underdeveloped / emerging domestic market;
✓ Greater export under GSP+ with EU, FTAs with neighbours;
✓ Underdeveloped retail markets in Armenia & Azerbaijan
✓ Important available “white space” for affordable fashion apparel brands.

**THREATS**

✓ Global retailer Zara’s market entry – expected Fall 2012;
✓ Growing online shopping by middle-income & affluent Georgians.

*Communication problem* - one of the respondent from the factory highlighted the problem of communication between the fashion designers and the local manufacturers - “there are more than 50 fashion designers in Georgia, but very few managed to achieve success abroad; in Denmark, Canada, UK and France. The others sell their apparel through boutique stores or through the Tbilisi Fashion Week events. Each boutique store employs a maximum of 5-12 employees and does not have the capacity for mass production. Collaboration is weak between fashion designers and manufacturers. The first Georgian apparel conference was held in Tbilisi in May 2012 and enabled designers and manufacturers to enter into constructive dialogue. Fashion designers expressed concerns over the quality of apparel produced by Georgian manufacturers and manufacturers showed concern over the limited volume of product runs”.

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Need for understanding the international buying practices - one of the USAID experts noted that the global market for manufacturers of ready-made apparel was highly competitive. “In a market characterized by high volumes and low per unit costs, even small changes in per unit price can make an enormous difference in manufacturers’ ability to land contracts with international buyers. To grow beyond the relatively low volume, higher per unit priced orders they are accustomed to, Georgia’s small apparel manufacturers need to have a better understanding of how the market works, how international buyers do business, how they expect contracts to be structured. They must also understand what successful manufacturers know about their own costs to strike the critical balance between competitive pricing and maintaining sustainable profits. And with the complex interactions of labour, materials, energy, volume, infrastructure and other inputs, understanding the true costs of manufacturing requires knowledge and capacity that many Georgian manufacturers currently lack. Georgian apparel manufacturers need to build a foundational understanding of international buying practices and the inputs, outputs and benefits of competitive pricing. Local factories need to improve their knowledge of the practices and expectations of international buyers and identifying the types and sources of information manufacturers should have about their own businesses and costs to accurately set prices”.

Need for R &D - apparel & footwear association noted that when discussing challenges surrounding Georgia’s apparel industry, management vision and approach needed to be re-considered that in most cases remained poor and inflexible. Partial involvement in R & D with the support of EPI Georgia via presence at trade shows enabled Georgian companies to gain knowledge on the global market developments, on new trends and new segments, witness growing demand coming from the international buyers and retailers regarding the quality, speed performance and quantity. Frequent interaction with global retailers and buyers enabled local apparel manufacturers to estimate the relevance granted to the Social Compliance and Safety Standards that no longer represent a matter of choice but a must have ticket for entry to the international market. Presence at various trade fairs
facilitated the import of knowhow and updated information of global apparel market that better exposed manufacturers to the existing challenges in need of rapid resolution.

- **The absence of safety** - one of the respondent also talked about the poor condition of certain buildings - “the buildings in which some factories operate are not purpose-built, making the layout inefficient for apparel manufacturing. Of greater concern are the physical state of the buildings and a lack of good emergency doors. Some low-cost improvements should be made to improve the overall safety of the workers. When financially possible, the company should move to more suitable workspace. It will be important to build efficiency significantly without reducing quality in order to continue the company’s current success; it will be particularly important in order to achieve new growth outside the market of government tenders and relief organizations. Efficiency needs to be built through a combination of a) more efficient production layouts to reduce wasted movement of work in progress and supervisory staff, b) improvements in work method efficiency within individual sewing and processing operations, and c) improved work rate of individual workers. The company owners have asked for technical assistance in production efficiency lean manufacturing”.

- **Changes in the global apparel market** - USAID expert noted that: “the global apparel industry today is in a state of profound change. International brands and retailers are revising their global sourcing modalities and consumer behaviour and purchasing power has shifted in the wake of the ongoing global economic malaise that began in 2008. Contraction in the credit industry and capital markets are affecting short term financing of raw materials and working capital within the apparel supply chain. In 2010 and 2011, cotton created worldwide turmoil as fibre prices surged to an all-time high. Since the end of most quotas for wearing apparel in 2005, China has produced the largest share of the world’s manufactured garments. In 2010, China exported USD 205 billion in textiles and apparel. However, significant increases in labour rates, shifting labour patterns (low-skilled to higher-skilled jobs; coastal migration back to inland regions), surging domestic demand, decreased production capacity available to external customers, increased financing costs, decreased availability of financing, increased labour unrest, and growing political uncertainty in China are driving U.S. and European brands and
retailers to re-evaluate their global sourcing portfolios. Increasingly, foreign brands and retailers are shifting apparel sourcing away from China. Cambodia, Vietnam, and Bangladesh have gained customers in this shift but these countries have limited capacity to absorb additional orders. Increased fuel costs and instability in the Middle East, coupled with the ongoing industry drive for speed-to-market are prompting international brands and retailers to look beyond Asia for producers closer to their markets. This represents new export opportunities for apparel manufacturers in Georgia to supply Eurasia and the CIS. The apparel sector in Georgia, like its counterparts around the world, faces greater challenges today due to the recent global industry trends discussed above. Changes in production countries of choice, consumer behaviour, raw materials prices, and capital markets are challenging the industry in a scope and scale not seen since the Second World War. However, important opportunities exist within those challenges, for Georgian firms to take production market share previously held by the Asian apparel powerhouses, particularly for those retail markets such as Europe and growing economies in the Former Soviet Union that lie relatively close in proximity to Georgia”.

- Changes in the global apparel market – another USAID expert noted that: “Bangladesh was the lowest cost apparel manufacturing country in 2008; at that time, labour costs including social charges and bonuses were USD 0.22 per hour. It is believed that today Georgia enjoys a competitive wage advantage over at least some apparel-producing countries in the Eurasia region, in particular, Turkey, that has a highly regarded but increasingly expensive apparel industry. Of great concern to sourcing executives among global brands and retailers, wages in China have been climbing substantially in the past 2 to 3 years; non-wage benefits have also increased, greatly impacting cost of goods produced there. According to a 2011 Boston Consulting Group report, Chinese wages have been rising roughly 17% per year, with net manufacturing costs expected to meet costs in the U.S. around the year 2015. Coupled with declining labour pools in apparel-producing regions, tightened credit markets, increasing financial and political uncertainty, decreased available production capacity, and high fuel costs that make transport expensive, many international brands and retailers are actively shifting at least
some production out of China in an effort to manage costs and control risk. This shift provides an important opportunity for apparel manufacturers in other countries; while other Asian countries such as Cambodia, Vietnam, Bangladesh, and India are attracting some of the outflow, their capacity is limited and increased transport costs favour cost-competitive, quality producers closer to major destination markets, such as Europe and the U.S. This may provide an unprecedented opportunity for Georgian factories to successfully target buyers in Eurasia and the CIS”.

Table 5.6 The key challenges identified within Georgia’s apparel industry

<table>
<thead>
<tr>
<th>The key challenges identified within Georgia’s apparel industry, based on interviews.</th>
<th>Official Interviews</th>
<th>Unofficial Interviews</th>
</tr>
</thead>
<tbody>
<tr>
<td>Respondents</td>
<td>Fc 001</td>
<td>Fc 002</td>
</tr>
<tr>
<td>The shortage of relevant skills – 7</td>
<td>● ● ● ● ● ● ●</td>
<td>● ● ● ● ● ● ●</td>
</tr>
<tr>
<td>Poor marketing culture/ negotiation with the potential buyers -7</td>
<td>● ● ● ● ● ● ●</td>
<td>● ● ● ● ● ● ●</td>
</tr>
<tr>
<td>Poor Information flow/ communication problem both internally and externally/ (poor knowledge of English language</td>
<td>● ● ● ● ● ● ●</td>
<td>● ● ● ● ● ● ●</td>
</tr>
<tr>
<td>Post-Soviet mindset – 6</td>
<td>● ● ● ● ● ● ●</td>
<td>● ● ● ● ● ● ●</td>
</tr>
<tr>
<td>Low efficiency/productivity of workforce – 6</td>
<td>● ● ● ● ● ● ●</td>
<td>● ● ● ● ● ● ●</td>
</tr>
<tr>
<td>The absence of smart strategies for the apparel industry development</td>
<td>● ● ● ● ● ● ●</td>
<td>● ● ● ● ● ● ●</td>
</tr>
<tr>
<td>The absence of local raw production -5</td>
<td>● ● ● ● ● ● ●</td>
<td>● ● ● ● ● ● ●</td>
</tr>
<tr>
<td>Outmoded machinery/lack of adequate equipment – 4</td>
<td>● ● ● ● ● ● ●</td>
<td>● ● ● ● ● ● ●</td>
</tr>
<tr>
<td>Limited access to finance -3</td>
<td>● ● ● ● ● ● ●</td>
<td>● ● ● ● ● ● ●</td>
</tr>
<tr>
<td>Outdated thinking of staff/ resistance to change and development – 3</td>
<td>● ● ● ● ● ● ●</td>
<td>● ● ● ● ● ● ●</td>
</tr>
<tr>
<td>The absence of strong training centres / training programs - 3</td>
<td>● ● ● ● ● ● ●</td>
<td>● ● ● ● ● ● ●</td>
</tr>
</tbody>
</table>

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<table>
<thead>
<tr>
<th>Poor Government support 3</th>
<th>⬤</th>
<th>⬤</th>
<th>⬤</th>
<th>⬤</th>
<th>⬤</th>
<th>⬤</th>
<th>⬤</th>
<th>⬤</th>
</tr>
</thead>
<tbody>
<tr>
<td>The absence of a strong apparel association – 2</td>
<td>⬤</td>
<td>⬤</td>
<td>⬤</td>
<td>⬤</td>
<td>⬤</td>
<td>⬤</td>
<td>⬤</td>
<td>⬤</td>
</tr>
<tr>
<td>High turnover -2</td>
<td>⬤</td>
<td>⬤</td>
<td>⬤</td>
<td>⬤</td>
<td>⬤</td>
<td>⬤</td>
<td>⬤</td>
<td></td>
</tr>
<tr>
<td>The absence of technical designers/technical knowledge – 2</td>
<td>⬤</td>
<td>⬤</td>
<td>⬤</td>
<td>⬤</td>
<td>⬤</td>
<td>⬤</td>
<td>⬤</td>
<td></td>
</tr>
<tr>
<td>The shortage of domestic mass-market brands - 2</td>
<td>⬤</td>
<td>⬤</td>
<td>⬤</td>
<td>⬤</td>
<td>⬤</td>
<td>⬤</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The absence of collaboration between industry members (e.g. between designers, factories and apparel association,) - 2</td>
<td>⬤</td>
<td>⬤</td>
<td>⬤</td>
<td>⬤</td>
<td>⬤</td>
<td>⬤</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ethical problems -1</td>
<td>⬤</td>
<td>⬤</td>
<td>⬤</td>
<td>⬤</td>
<td>⬤</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>High wastage of time -1</td>
<td>⬤</td>
<td>⬤</td>
<td>⬤</td>
<td>⬤</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Weak HSE presence (Health, Safety &amp; Environment) -1</td>
<td>⬤</td>
<td>⬤</td>
<td>⬤</td>
<td>⬤</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Changing taste and needs of customers - 1</td>
<td>⬤</td>
<td>⬤</td>
<td>⬤</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The absence of value-added service capabilities – 1</td>
<td>⬤</td>
<td>⬤</td>
<td>⬤</td>
<td></td>
<td></td>
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</tbody>
</table>

The results demonstrated weak information flow in the local apparel factory (002) reflected in both internal and external communication problems. This was attributed to the absence of adequate skills capable of obtaining, processing and disseminating intelligence among the relevant units. This environment is a justification in a weak marketing background and a financial shortage of factories to invest in staff training to ensure the presence of marketing team. 002 demonstrated hypothetical acknowledgments of the benefits linked to an effective communication flow with weak practical implication. In contrast, according to obtained responses, this process proved to be sophisticated in Turkish owned factory (001), since theoretical knowledge is transformed into an operational form that contributes to the success of the factory.

The results demonstrated a very low level of marketing background in post - Soviet Georgia which has implication in weak marketing activities, post-Soviet mindset, undervaluation of
customer orientation and poor selling skills. Developing marketing culture seems to trigger a limited understanding of the role of product managers and customer representatives in terms of establishing beneficial relationship with clients, which is detrimental for export oriented Georgia's apparel industry. In addition, it has implication in the absence of R&D and market research to identify suitable geographic markets and the absence of professional websites leaving local manufacturers less attractive to potential buyers. The existing weak marketing background raises the question of the perception and attitude towards the importance of marketing intelligence and marketing culture among local manufacturers which will be addressed in the following Chapter 6.

Table 5:7 Comparison of 001 and 002 factories

<table>
<thead>
<tr>
<th>Theme 1 - communication, intelligence dissemination</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Georgian Factory (002)</strong></td>
<td><strong>Turkish owned factory (001)</strong></td>
</tr>
<tr>
<td>The factory management infrequently arranges meetings, since the executive director does not have enough time to organize meetings regularly.</td>
<td>The factory management spends considerable amount of time in communicating with the head office through Skype and mail or the director travels to Turkey.</td>
</tr>
<tr>
<td>The factory does not have a marketing manager, therefore the executive manager is responsible for disseminating information which is often delayed due to failure to combine multiple tasks.</td>
<td>The factory does not have marketing manager locally, however marketing manager, in the head office in Turkey, remains in touch with the local branch regularly or even on daily basis if required as a result of massive order from international buyers.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Theme 2 - marketing culture</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>002 management</strong></td>
<td><strong>001 management</strong></td>
</tr>
<tr>
<td>002 management has theoretically strong understanding of the value linked to marketing culture and the rational application of marketing intelligence. However, lacks the practical implementation due to poor marketing background and weak human and financial resources.</td>
<td>001 management has theoretically strong understanding of the value linked to marketing culture and the rational application of marketing intelligence. The theoretical knowledge has an effective implication in practice, supported by a strong marketing team and sensible cost-effective decisions to ensure strong human resources.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Theme 3 - internal structure</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>More decentralized. (Power and functions are more distributed and due to lack of control and lack of human resources combined and sometimes puzzled).</strong></td>
<td><strong>More centralized. (Power and functions under control of the management in the head office).</strong></td>
</tr>
<tr>
<td>Less business oriented structure. The factory 002 has 4 lines, with only one flexible line which is more adaptive to changes however not cross-trained. The</td>
<td>More business oriented structure. The factory has 8 lines, all cross-trained staff hence more diversified</td>
</tr>
</tbody>
</table>
limited presence of flexible resources makes the factory less prepared to take massive orders comprised various styles.

and capable of responding various massive orders.

Wages are determined on a piece-rate basis. Due to low productivity, the average salary is Gel 300 - 400 per month.

Wages are determined on a piece-rate, basis. Due to relatively higher productivity, the average salary is Gel 600 - 700 per month.

**Theme 4 - Skills**

The 002 management finds it increasingly difficult to retain and hire workers, particularly youth due to ambitious attitude and unwillingness to work in the factory.

The 001 finds it increasingly difficult to retain and hire workers, particularly youth due to seasonal works in Adjara.

Due to the absence of strong vocational centres and a weak communication between industry representatives and the centres, skills shortage remains the severe problem for all factories. However, 002 does not ensure full cross-trained staff, only one line is cross-trained.

The same challenge is shared by 001, vocational centres remains less helpful for 001 factory in terms of supplying the right staff with adequate skills. However, the issue is addressed through constant on-site trainings to ensure the presence of all cross-trained staff.

**Profitability measured in terms of the number of contracts**

<table>
<thead>
<tr>
<th>002 factory</th>
<th>001 factory</th>
</tr>
</thead>
<tbody>
<tr>
<td>has on average 5-6 contracts per year. All contracts are short term, mostly with the local buyers (the local buyers are state units in need of uniforms such as restaurants, fire fighters, etc.).</td>
<td>has long term 8 years contract with the famous UK brand, as well as regular contracts with other brands such as Tommy Hilfiger, Mexx etc.</td>
</tr>
</tbody>
</table>

Comparison of the internal structure of factories highlighted several drawbacks associated with the absence of marketing department in 002 factory and the presence of limited lines that indicate the low efficiency and low labour productivity of the local staff. This, in turn, raised issues related to the absence of adequate skills that affects the positioning and profitability of the factory. These issues and other identified issues will also be addressed in the following chapter through the analysis of obtained data.

**5.13 Conclusion**

The chapter comprised 13 subsections. It starts with the introduction followed by results on information flow and communication in the local apparel industry which revealed some problems. The third subsection provides results on marketing culture in post-Soviet Georgia which is at the nascent stage of development. It is followed by subsection covering the internal
structure of factories, the comparison of which revealed less business oriented structure in local factory 002. The subsequent part deals with available skills within Georgia’s apparel industry, representing one of the major challenges within factories. The next part covers the attitude of the management and employees towards the marketing culture/marketing intelligence in Georgia’s apparel factories, which revealed the prevalence of post-Soviet mindset. The seventh subsection provides details on the profitability of the factories measured in terms of the number of contracts and sales figures in 2011-2013. This is followed by the results of activities undertaken by the USAID - EPI Georgia, which highlights the positive impact of the interventions revealed in increased profitability of the local factory 002. The following chapter provides reasons for Turkish presence in Georgia’s apparel industry, mostly reflected in investment-seeking opportunities. The next subsection provides other challenges identified by all participants that still deter the effective functioning of the existing marketing intelligence model. The subsequent part summarizes all challenges identified by all respondents, both from official and unofficial interviews for a richer story and the chapter finishes with the conclusion.
CHAPTER 6 DISCUSSION

6.1 Introduction
The chapter discusses insights in relation to findings provided in the previous chapter. It is organized into ten subsections. It starts with the central phenomenon of the study, which is the existing marketing intelligence model that fails to deliver value to Georgia’s apparel industry. The following part highlights the main observations and interpretations which introduces six major themes identified within the present thesis. It is followed by subsections dealing with each theme in more details. The subsequent part discusses the communication flow within the selected factories that revealed a number of issues in Georgia’s apparel factory. The fourth subsection focuses on the marketing culture in post-Soviet Georgia which is at the very nascent stage and, consequently affects not only functioning of the model but the development of the apparel industry. The subsection is followed by a review of targeted activities undertaken by the USAID in order to improve the marketing infrastructure and mitigate the consequential challenges, which can prove to be successful for Georgia’s apparel factories. The following subsection six highlights the internal structure of the selected factories which demonstrates challenges in the local factory because of having less business oriented structure. Consequently, it focuses on the positioning and the competitiveness of factory 002. The seventh subsection discusses skills available within Georgia’s factories that indicate a severe shortage of required skills, directly affecting the productivity, profitability and competitiveness of the factories. The next part highlights the problem of wrong attitude predominant in post-Soviet Georgia, which reveals a negative impact of the fixed mind-set among industry representatives. The following subsection assesses the profitability of the factories in terms of the longevity of contract both with local and international clients. And finally, the chapter ends with the conclusion of all the identified factors affecting the functioning of the model.

6.2 Central phenomenon of the study
Marketing intelligence first was termed by Harper (1961) as a way to make evidenced decisions based on information. The central phenomenon of the study was the existing model that failed to
deliver value in post-Soviet Georgia’s developing apparel industry. The investigation was aimed at finding an answer to the research question: “Why does the existing marketing intelligence model fail to deliver value to Georgia’s apparel industry.” To achieve this, the researcher undertook individual, semi-structured interviews to explore responsible factors. The interviews were complimented with the related reports to validate the interviews. From the very onset of the research, there were indicators of a poor marketing culture and marketing skills that became obvious during the research process as revealed in the supporting arguments from industry representatives.

The research contributed to the enrichment of marketing literature about the rational application of marketing intelligence model in developing countries with a low level of marketing culture. The major contribution of the research is in providing a new model validating the pivotal link between marketing intelligence and the competitiveness of Georgia’s apparel industry. The central point is the rational application of marketing intelligence in order to enhance the competitiveness of apparel industry in developing countries. It brought value and impact to local apparel industry by identifying the gap in the current model and flaws in the current application of marketing intelligence. Through such a model, the researcher assumed that local apparel industry representatives would be better equipped to obtain relevant information and integrate it into strategic planning, for effective decision-making that can lead to higher return and increased profitability.

6.3 The main observations and interpretation

Based on the developed conceptual model the researcher identified six major themes which are discussed below, in relation to functioning of the existing marketing intelligence model in post-Soviet Georgia’s developing apparel industry.

6.4 Weak communication cycle, poor information flow

Intelligence utilization process relates to well-organized practice of communicating, processing and distributing intelligence, based on an effective interaction and communication among the
various departments of a company. The results demonstrate that in Turkish owned factory (001) this process has a linking function, serving as a channel through which intelligence is transferred from one department to another. The local branch is supported by marketing service from the headquarters in Turkey, with the focus on intelligence dissemination and adequate action based on the provided piece of intelligence. All marketing activities are localized to increase compliance between the local staff and international clients. This confirms the presence of a strong marketing department in charge of ensuring value-enhancing communication at all levels. Technological advancement enables factories to overcome the distance-barriers and ensure transfer of intelligence on time to avoid delays and consequent dissatisfaction of clients. Here, intelligence utilization can be viewed in terms of an effective communications process where the emphasis is on the transfer of relevant piece of intelligence and knowledge among the employees. As findings reveal, this process is incredibly sophisticated in Turkish owned factory (001), since theoretical knowledge is successfully transferred into an operational form that leads to the presence of well-informed and proactive staff contributing to the greater success of the factory. The results show that the management of Turkish owned factory understands the value-added concept linked to the rational application of marketing intelligence, leading to more efficient decisions and more perceptive market-based actions.

In contrast, the local factory (002), despite being one of the thriving factories, faces the problems of fully understanding the value of marketing intelligence and exhibits barriers in terms of having the healthy communication cycle within the factory. This is evident from occasional meetings, sporadic update and processing of intelligence and weak integration of intelligence into a decision making process. The management of local factory has very deep theoretical understanding of the value linked to this process however, it still faces challenge during the practice phase.

The study revealed that management of Georgia’s factories could not critically analyze and use information that can lead to rational and actionable decisions, which is foundational for a higher level of competitiveness. The findings of the present research support the study by Lewis (2006), who examined the importance of using intelligence for competitive advantage in the pharmaceutical industry in the developed country of UK. He identified three essential elements involved in transformation of information into an actionable intelligence: optimizing data
acquisition, adding value to available information and effectively delivering intelligence to where it is needed in the organization. The scholar described the importance of these valuable aspects in the developed country; however, the present study revealed that the lack of these factors had negative impact in developing country of Georgia. It can be noted that the findings of the present research support the study by Lewis, since the absence or weak use of intelligence in Georgia’s apparel factories affect the competitiveness of the whole industry. This also supports the idea that all input identified by Lewis as vital for the developed country remain relevant even in developing countries. Local apparel industry representatives do have access to intelligence; however, value adding process and effective delivery are suspended that create a gap in achieving the competitiveness in the apparel industry. Theory, offered by Lewis (2006), can be significant in the local context by considering the specifications characterizing developing country which requires introduction of improvements in the detected weak areas.

Fleisher (2008) also studied the benefits of incorporating intelligence in businesses in Canada. Thus another study undertaken in the developed country of Canada supports the idea that any source of intelligence and, particularly open source, can deliver benefit and add value to any industry. The scholar empirically supported the idea that application of intelligence can lead to higher performance. Despite the fact that the study is undertaken in the developed country, we witness from the present research results that the fragile or in some cases lack of intelligence application leads to lower profitability of local factories. On the other hand, the findings of the present study reveal that application of various tools for obtaining intelligence costs much for the local apparel industry representatives, which is unwelcome in the light of budgetary constraints. Therefore, there is a strong support for Fleisher’s study that in the light of financial scarcity the accurate application of open source, as a way of obtaining intelligence, can fit the local context. Integration of intelligence into decision making and business has no borders and brings success to all companies both in developing and developed countries. For that reason, Georgia’s apparel manufacturers need to obtain adequate skills to process and integrate intelligence into a business for achievement of competitiveness.

Another scholar Nasri (2012), studied the importance of using intelligence in Tunisia’s retail by focusing on another source of marketing intelligence – sales personnel. The empirical study highlighted the value of marketing intelligence for the positioning of a company. Although the
theory has been examined in Tunisia’s retail, it can be accommodated in any industries and other countries, since in the information era rational decisions should be based on well-processed marketing intelligence. The findings of the present research reveal that due to prevailing poor marketing culture there is an absence of adequate skills capable of obtaining and processing intelligence, which has negative implication on the apparel industry. Therefore, the results of this research support theory advocated by Nasri and back the idea that consideration of best practice applied in Tunisia can have a positive impact on the functioning of the existing marketing intelligence model. However, Nasri (2012) has not signified the importance of a strong marketing background that can facilitate the use of intelligence obtained from sales personnel. Therefore, with the consideration of the local environment and specific characteristics, implementation of this successful practice in Georgia will require adding some relevant aspects such as: improvement of marketing background and the presence of suitable marketing personnel, which can be achieved through adequate training.

The study of the problem reveals several linked challenges within the local factory such as: a weak marketing background that contributes to the absence of marketing team capable of processing and analyzing intelligence. Despite having access to intelligence, the local factory remains in an information-vacuum due to the absence of a marketing department and marketing manager and adequate human resource capable of dealing with intelligence effectively. This serves as one of the reasons for the malfunctioning of the existing model that creates information loss and inadequate distribution of intelligence. This in turn, affects the positioning of the factory.

The theoretical basis lies in Powell and Allgaier (1998) that intelligence data can be rendered unable to deliver value unless properly processed and analyzed and integrated timely into a decision-making process and disseminated across boundaries. The scholars in the late twenties concluded and empirically supported the theory that corporations and large organizations’ sales and marketing should focus on an effective use of intelligence to win business. Even today in the 21st century, the theory proposed by Powell and Allgaier (1998) remains valuable for Georgia. This seems to be timeless and boundless theory fit for both developed and developing countries. As we witness, the results of the present research show that poor application and analysis of the competitive environment in the local context has unfavourable impact on the positioning and
performance of local apparel factories. Therefore, local apparel industry representatives need to eliminate the issue and engage in processing, analysing, and integrating marketing intelligence timely into a decision-making process and disseminating intelligence across boundaries. However for this to happen, there must be appropriate staff capable of obtaining, processing and disseminating intelligence for decision making.

The importance of intelligence analysis has significantly increased in the 21st century in the light of information abundance, described by Vriens and Brazell (2013) as ‘data tsunami’. On the other hand, the abundance of information and rapid development of industries create turbulent business environment, where the use of marketing intelligence is a key for survival and a way of managing crisis. Lui (2010) studied companies in China and several European countries in order to compare their overall competitiveness in a global context and analyze their experience of managing the economic crisis, with the purpose of finding solutions to manage turbulent business situations. The research results reinforced the idea with empirical evidence that the future competitiveness of manufacturing operations, under the dynamic and extremely complex business environment, hinges on forward-thinking strategies based on sound intelligence.

The findings of the present research support the study by Lui (2010), since the absence of smart strategies based on sound intelligence keeps local apparel factories in stagnation. They keep operating only in the local market with relatively small orders, since engagement into export activities is directly reliant on improved response to global apparel market needs. This in turn, requires constant update of intelligence about global apparel market and ability to respond to changing needs. The present research highlighted the negative impact of the lack of flexible strategies on the apparel sector development. The study by Lui (2010) provide sound basis for considering theory both in developing and developed countries, since the complex changing business environment is ubiquitous, forcing companies globally to shift to new demands and flexible strategies. Consequently, the future of Georgia’s apparel industry is hinged on smart strategies based on processed intelligence and improved efficiency of the workforce.

The findings of the present research demonstrate the limited capabilities of local apparel factories to have clear techniques and skills to fully comprehend, analyze and assess the external environment related to company's customers, competitors, and markets. As a result, they are
losing the opportunity to win business and become more competitive. This suggests that competitiveness lies in a firm's ability to critically analyze and utilize marketing intelligence to deliver actionable insights. Consequently, the absence of such factors contributes to low competitiveness of industry. Negi et al. (2014) studied the impact of these factors in the banking and insurance industries in Indore city, showing that these factors proved to be relevant input for enhancing the tactical and strategic decision making process.

The banking and insurance industries are different from the apparel, however in both cases, the key to success lies in delivering value to customers through continued attempt to meet their expectations of quality of both tangible and intangible products and services. Moreover, both in the developed and developing countries customers are becoming cognizant and more demanding, which implies that competitiveness in any industry and in any country depends on the ability of companies to listen and deliver customers’ needs. The findings of the present research show that the absence of analysis and application of marketing intelligence have negative implication on the competitiveness of the apparel industry. Hence, the study by Negi et al. (2014) can be adapted in the local context in view of the common element for all industries such as: critical evaluation and use of marketing intelligence to deliver actionable insights both in the developed and developing countries.

The interview results revealed that in some cases, not only application but intelligence obtaining process was marred in the local factories. As discussed above, the absence of marketing team puts the executive manager of local factory in the position of marketing manager, who has to obtain and process intelligence. However, combination of two key responsibilities is tough and challenging for the executive manager of 002, which has results in weak information flow internally. In addition, executive manager is less likely to present information in a manner that is understandable by the audience. This highlights the need for skilful human resources able to ensure the presence and evaluation of relevant intelligence.

The problem of internal communication is acknowledged by the apparel industry representatives and by all respondents. However, immediate solution is not feasible in the light of scarcity of financial and competent human resources. Companies cannot afford to have competent marketing department with skilled marketing team. Given this background, the communication
process is not aligned and leaves the factory management unable to follow pertinent development within the sector. Consequently, the local apparel factory is deprived of intelligence culture and remains less competitive, unable to identify opportunities arising in the evolving market segment.

In the view of the researcher, the local factory (002) management fails to appreciate the value of systematic processing and updating intelligence and, most importantly, communicating information. Interviews revealed that, on the whole local apparel factories seemed to underestimate the value of marketing department and marketing team as a way to remain constantly informed on the developments within the changing marketing environment. Today, successful marketing is dependent on effective communication, hence the absence of marketing department and poor communication cycle in local apparel factories contribute to slow development of a strong marketing background.

Financial scarcity is indeed one of the main causes and challenges linked to the absence of marketing department in local factory (002). However, findings of the research revealed irregular internal meetings in 002 that do not require funds. Such attitude, in the local factories, supports the idea that local manufacturers do not give sufficient importance to effective communication. This can easily be achieved through the change of behaviour with no need for large investment. This proved to be the practice in Turkish owned factory (001), where regular meetings and effective dissemination of intelligence not only is viewed as an essential element, but practiced as the best way to maintain cognizant staff to ensure effective relationship with partners. Marketing intelligence application is viewed in terms of an effective communication process where the emphasis is made on the transfer of relevant piece of intelligence and knowledge among employees.

As described above, scholars such as: Lewis (2006), Fleisher (2008), Lui (2010), Nasri (2012) and Negi et al. (2014), studied the value of marketing intelligence in different industries and different countries. In all cases, the results had common characteristics in terms of unanimous support for an effective application of marketing intelligence with the aim to increase the competitiveness of industry. On the other hand, interviews revealed that industry representatives in local factory 002 do value the significance of its rational application. However, the absence of
actions at the behavioural level supports the idea that this is a weakly held belief that requires strong reinforcement through training and improved communication at all levels.

Communication problems have been identified at several stages which, in the background of the developing marketing environment, is reasonable. Even in the late twenties Duncan & Moriarty (1998) saw strong connection between communication and marketing. Communication has always been an essential element in marketing however, and researcher again highlighted the value of communication in creating strong foundation for new customer-focused marketing efforts. Today, the link between these two has become more vital. The findings of the present study support the theory proposed by Duncan & Moriarty (1998) and highlight the value of a link between the communication and marketing. As the research revealed, the absence of communication in local factories affects competitiveness of industry and makes them less customer oriented which is distressing for developing apparel industry. Success and competitiveness in the apparel industry are directly linked to beneficial relationship with clients and brands. Consequently, poor communication generates problems in creating links and establishing long term relationship with buyers/clients. All local factories need to develop better understanding of communication theory, so that factories can identify and manage better communication that determines the quantity and quality of their contracts with the buyers.

Another concern area, creating significant barriers in communication, is poor English language skills that deter effective communication with potential international clients. Today, in the light of global apparel industry developments, ambitious factories willing to become engaged in export activities need to acquire skills to communicate across cultural boundaries. In that regard English as an international business language and prerequisite for successful professional communication, is viewed as the business language that helps in achieving goals and increasing interaction amongst professionals.

Welch et al. (2005) studied the effect of language in international management situations. The scholars demonstrate growing need for control and coordination that has driven a move towards language standardization, in the form of a common corporate language, with widespread effects on management processes. The results of the present research reveal that in the competitive apparel environment the value of corporate language like English is becoming apparent. The
existing weak, or in some cases the total absence of English language skills, in combination with other challenges even accelerate the communication problem with the international buyers. Therefore, the findings of present research again highlight the importance of eliminating the language barriers, and support Welch et al. (2005) argument for growing need for common corporate language like English. This is particularly relevant for Georgia’s apparel factories trying to engage in export activities and start operating in the international markets.

On the other hand, the research findings revealed that poor language skills could not be fully attributed to financial scarcity, since Georgian government offers free English courses. It rather supports the idea that local managers underestimate the rapid development of the apparel industry in which communication in English is the norm rather than choice. Today, Georgia’s apparel industry is being developed with the key focus on export expansion. In that regard, export oriented Georgia’s apparel factories’ management will need to be bilingual in order to use English effectively as a language of international business.

In the apparel industry access to intelligence and value-enhancing communication is an essential condition for success. It implies effective communication both internally and externally, which is in shortage in Georgia’s apparel industry. Managers of local apparel factories fail to create a climate internally that encourages the exchange of information, views and ideas to ensure productivity of work. The challenges are greater for external communication as well, due to the absence of marketing department and adequate resources capable of creating a bridge between the factories and the external environment. Communication problems have been identified in the relationship between local manufacturers and local fashion designers. These two different but interrelated parties have problems in finding a common language for a common subject. The research results reveal substantial scepticism in the perceptions of these two groups with respect to knowledge and ability of each to meet quality requirements that facilitate the apparel industry development. The reason for such gloomy picture can again be attributed to the absence of communication that hinders understanding, recognition and collaboration between these two parties, equally relevant for the apparel industry development.

The data also revealed extremely weak communication between local apparel factories and the apparel and footwear association of Georgia. Due to weak external communication, the local
association seems to lack the knowledge on how it should be serving as a bridge between the apparel industry and the Government, as it is the case in the European countries. Commonly, associations facilitate the development of any sector by ensuring all relevant input such as: value enhancing communication with buyers/clients, adequate training design for sewers, negotiation with the Government to facilitate the sector development, and linking all relevant parties within the apparel industry. All these major duties of the association are missing in the local industry hence creating significant gap between the two parties which is also detrimental to Georgia’s apparel industry development.

In addition, weak communication between the Government of Georgia and Georgia’s apparel industry representatives creates a knowledge gap among the policymakers on the real needs of the apparel industry. Consequently, it results in the absence of a strong national policy in support of advancing the industry and the lack of strategic actions from the Government side. Developing Georgia’s apparel industry has to be done in the competitive globalized environment that poses many unpredictable challenges, particularly given the poor marketing culture.

Makasi & Govender (2015) analyzed marketing strategy-making by investigating the role of national policy in the formation of sustainable marketing strategies in Zimbabwe’s clothing and textile segment. The results demonstrated the imperative need for the key policy interventions in order to support marketing strategy in the light of globalization. The support of policy makers is vital for developing countries. This topic has been explored by several scholars (Madichie, 2007; Manzungu, 2012; Mpofu, 2013; Makasi & Govender, 2015). The results of the present research support the study by Makasi & Govender (2015) that without the Government’s support development of the apparel industry is unfeasible in Georgia. Such support is particularly relevant for developing countries and for those industries at the nascent stage of development, as is the local apparel industry. The lack of Georgian Government intervention in the apparel industry development was acknowledged by most of the respondents. However, the findings of this research show that the Government is aware of the existing challenges but seems to lack knowledge of the depth of the issues, due to the absence of an effective communication at all levels. There is a need for stronger support from the Government and from the policymakers to enhance the advancement of marketing culture and general competitiveness of Georgia’s apparel industry.
Interviews with the respondents allowed the researcher to track the communication process and consequent information flow in preselected factories. The comparison of Georgian factory (002) and Turkish owned factory (001) revealed many inhibiting factors, resulting in the poor functioning of marketing intelligence model in 002. Turkish owned factory (001) is distinguished by efficient communication at all levels and internally and externally. Lear et al. (2014) empirically supported the idea that effective communication with all stakeholders and recognition of differences that may exist in the exchange of information, can lead to improving communication and workplace productivity. The findings of the present research reveal that the idea offered by Lear et al. (2014) is applied in the Turkish owned factory (001). This statement can be supported by the fact that, as a result of effective communication both internally and externally, the factory remains informed, productive and capable of meeting changing market needs.

On the other hand, Lear et al. (2014) view poor communication as a major setback that leads to multiple issues including inaccurate information, misused information, inaccurate interpretation, and lack of feedback. The findings of this work reveal that the absence of such effective communication in Georgia’s factories keeps companies inactive, less informed and consequently less responsive to market needs. As revealed by the data, Georgia’s apparel factories face communication problems, which deter information flow both internally and externally. Consequently, inadequate information flow within local factories results in weak decision making, inappropriate plans and weak positioning of Georgia’s apparel industry. More importantly, the absence of relevant intelligence contributes to low responsiveness to market needs that affects the competitiveness of the apparel industry. Therefore, ideas proposed by the scholars are not only supported but have reflection in the functioning of the local factory (002) and Turkish owned factory (001). However, the key source of all troubles is the weak marketing background which is discussed further in the next chapter.

6.4.1 Marketing culture in post-Soviet Georgia

The research results reveal that local factories lack the agility and understanding that manufacturing systems no longer exist in isolated environments. Rapid development of the
global apparel industry has accelerated challenges for Georgia’s apparel industry due to limited capacity of local manufacturers to cater the latest demands and trends. Georgia’s factories face the need to expand their geographical market coverage, which necessitates marketing research and market orientation. With developing marketing culture and the consequent absence of skills to analyze marketing intelligence, the factories are unable to accurately predict consumers varying taste and respond to changing market needs. In the turbulent external environment, adjustment to changes is a key for success (Igbaekemen, 2014).

Igbaekemen (2014) investigated marketing intelligence as a strategic tool to gain competitive edge in Nigeria. He pointed out the central problem for managers as revealed in the management of complexity arising from turbulent external environment, where understanding of change serves as a backbone for success. The managerial problems in terms of understanding the changing environment and consequent adjustments seem to be similar in developing countries. The study by Igbaekemen (2014) is supported in the Georgian local context as well. The findings of the present research show that the manager of local apparel factory (001) has good understanding of the potential power of marketing intelligence and marketing analysis and even acknowledges the difference between the current and previous positions, when they had a marketing manager. However, the management faces challenges in terms of appreciating the importance of the complex environment and need to respond to challenges generated in the competitive turbulent apparel industry. On the other hand, effective response to market needs is hinged on strategic application of marketing intelligence, which as revealed by the data is fragile in Georgia’s apparel industry and consequently reflected in a weak positioning of the industry.

All respondents agreed that success in the apparel industry requires delivery of an ordered product in full compliance with clients’ changing requirements. In that regard, application of marketing principles requires the development of healthy marketing competence where basic principles are acknowledged and practiced that can lead to actionable insights. However, poor marketing background in combination with financial constraints supports only hypothetical understanding of the value of marketing culture with no practical application that widens the gap between local manufacturers and the global apparel market.
Another negative outcome of poor marketing background is that local apparel manufacturers seem to underestimate the link between the strong marketing department and higher performance. Hui Feng et al. (2014) empirically investigated the power of marketing department in U.S. firms. Their results revealed positive influence of marketing department on firms’ longer-term future and shareholders’ value, and highlighted the benefits of investment in building a powerful marketing department that enhances performance. Despite the fact that the study was undertaken in a developed country, it does apply to developing countries such as Georgia. The results of the study by Hui Feng et al. (2014) are evident in Turkish owned factory (001). The findings of the present work revealed the benefits of collaboration with the marketing department in Turkish owned factory (001). As we saw, through successful involvement of the marketing department from the head office in Turkey, the local staff remains cognizant of the developments in the market that increases compliance with the client’s needs.

On the other hand, the findings of present research support the study by Hui Feng et al. (2014), by highlighting the unfavourable impact of the absence of marketing department and marketing staff in the local factory. Indeed, there are many other factors contributing to the low competitiveness of Georgia’s apparel industry; however, among the key contributors are the poor marketing background and the consequent absence of marketing department and competent staff.

Harris and Ogbonna (1999 cited Verhoef et al. 2011) also studied the influence of the marketing department and its relationship with firms’ performance in several industrialized countries: United States, UK, Germany, Sweden, Israel, and Australia. The results revealed that marketing departments contributed to business performance indirectly through their positive relationship with market orientation and directly through its positive direct relationship with business performance. Although the study was undertaken in developed countries with strong economies, the results fit well for developing countries such as Georgia. The findings of the present research reveal how the absence of marketing departments with adequate skills in local factories leaves Georgia’s apparel industry less market oriented and less profitable.

The manager of local factory 002, which is considered as one of the most innovative and flexible factories, understands the importance of a marketing team but attributes its absence in their company to the shortage of financial and human resources. This is reasonable since with the
existing limited financial and human resources, the presence of a big marketing department is unfeasible. However, in view of the small Georgian apparel market with 12 companies, small marketing department staffed with few strong skilled professionals would advantage all local factories.

As results show, the environment is more severe in other factories, where this problem remains even unidentified. Other factories have not even acknowledged the need for a marketing team. It suggests that the local apparel industry representatives need to get a deeper understanding of the benefits associated with a strong marketing team and make at least minor investment in training adequate staff in order to create a small marketing department.

The absence of adequate marketing skills generates problems of intelligence application and integration to the overall strategy and decision making. It claims commitment of adequate resources in terms of funds, personnel, and time. In the local apparel industry, this approach is missing and this can be attributed to the developing marketing culture, where the value of intelligence is underestimated, due to the absence of marketing culture and adequate resources. The problem is also accelerated by the shortage of financial resource to train staff in marketing and create strong marketing team capable of operating in the competitive apparel industry.

As the findings of the present work reveal, the impact of poor marketing culture has implication such as absence of professional websites for the apparel factories and the lack of professional approach to find the suitable geographic markets. For export oriented Georgian apparel industry, this is detrimental and further widens the competitiveness gap among local manufacturers and international buyers. The poor marketing background deprives the sector of a quality marketing strategy to attract foreign investors, which affects the positioning of Georgia’s apparel industry.

The results revealed strong correlation between the weak marketing background and the faulty marketing intelligence model supported by all participants. Predominantly weak presence of marketing culture and the consequent absence of adequate skills to collect and process information, apparently devalues the existing marketing intelligence model.

The weak marketing culture, in combination with financial shortage, creates big challenges for the apparel industry. However, results also revealed that most of the challenges in Georgia’s
apparel industry are generated as a result of inappropriate ‘culture code’ and mindset of local manufacturers. According to Rapaille’s (2006) definition, culture code is a particular set of images that are hidden from our own understanding but seen in our actions. The research findings revealed that the culture code of marketing is weak among the majority of the apparel industry representatives, which affects their thinking and actions. Despite the fact that local factory management acknowledges the importance of a marketing department, it does not invest in a marketing team. Financial constraints serve as a key justification for its absence, but it can be argued that there could be at least one marketing person rather than a whole department. Consequently, the hidden poor understanding of the value related to marketing team and marketing department is translated into not investing in the presence of marketing personnel.

The development of marketing knowledge and its practical application to business remains vital for Georgia’s apparel manufacturers, in order to accommodate opportunities in the global apparel industry. As shown above, the absence of a sound marketing culture creates shortage of comprehensive marketing strategies in the rapidly developing apparel industry that generates negative trends in Georgia’s apparel industry development. Mircevska et al. (2015) studied the influence of marketing strategies in the tourism industry of Slovenia and Tunisia, and identified their absence as a major hindering factor contributing to negative tourism growth. The findings of the present research support the study by Mircevska et al. (2015) by revealing that the absence of strong marketing strategies in local apparel factories, in the context of a developing marketing culture, has negative impact on the apparel sector advancement. On the other hand, we saw how the Turkish owned factory benefits from strong marketing strategies that reinforce their competitive positioning in the Georgian apparel market and long term relationship with famous brands. Although the study by Mircevska et al. (2015) was undertaken in a different industry and different country, findings in the present study delivered the same results.

As the research evidence shows, only few, more advanced managers of local factories became conscious of this challenge. The manager of local factory (002) acknowledges the fact that survival in the apparel industry is hinged on creating more beneficial market linkages. However, concrete actions to eliminate this challenge are weak due to various reasons, among which poor marketing culture and financial shortage was mentioned by all respondents. This, in turn, creates a competitiveness gap between Georgia’s apparel industry and the global apparel market.
The situation is completely different in Turkish owned factory (001). Despite being recruited by Georgian staff with weak marketing background, Turkish executives managed to introduce marketing culture. Being effectively managed from the marketing department of the head office, 001 has steadily changed the culture code. Local staff has started, not only to acknowledge the importance of marketing principles, but becoming customer and market oriented. As a result, all staff values the significance of being updated and having latest marketing intelligence in order to remain flexible, responsive to market needs and hence profitable.

6.4.2 Targeted trainings for increasing marketing awareness

Several targeted actions were undertaken by the donor organization in support of Georgia’s apparel industry development during 2011-2014 which proved to be successful. Targeted trainings were conducted for the apparel industry representatives aimed at increasing awareness on the importance of marketing culture, effective communication and sales skills in order to build beneficial relationship with potential buyers. Furthermore, the gained knowledge was well practiced through the repeated presence of Georgian manufacturers at trade fairs, selected by the researcher. The researcher together with the international experts has selected the most appropriate trade fairs for the local manufacturers to visit with the aim to engage them into networking and collaboration with the potential buyers/clients.

Kalafsky & Douglas (2014) studied the importance of participating in trade fairs for Korean machinery exporters. The researcher suggests that a physical presence is necessary for the successful implementation of products in export markets, since it is related to the importance that firms ascribe to exports and to the role of trade fairs in new sales. Although the research was conducted in Korea, it proved to be equally relevant for Georgia’s apparel industry manufacturers. Frequent exposure to the international market, familiarization with the latest trends and developments in the apparel industry provided unique platform to create knowledge on the importance of market orientation. This is evident from local manufacturers’ acknowledgment of the weak marketing background, however elimination of this shortage had weak practical implication due to various reasons, among which poor marketing culture and financial shortage are the key detrimental factors.
It is worth mentioning that despite the fact that all apparel factories have been involved in the USAID project, only those factories with younger and smarter management managed to get the value of targeted USAID activities. As a result of training and trade fairs, 002 engaged in export activities during 2011-2014. Local factories including 002 are mostly collaborating with the domestic clients/buyers such as: the Government, hotels, individual companies etc. that provide fewer opportunities for further growth, skills perfecting and knowledge sharing from the international buyers. Therefore, despite the fact that all contracts were short term, it has turned into a major lesson, incentive and stimulation for local apparel manufacturers in local factory (002).

Therefore, the results of the present research support the study by Kalafsky & Douglas (2014). The findings highlighted the importance and results of participating in trade fairs. With the physical presence at trade fairs several, more flexible local manufacturers managed to create better knowledge about the requirements essential to engage in export activities. Creating awareness is the first step towards improvement of performance that can facilitate the apparel industry advancement.

6.4.3 Internal structure

Companies try to have a suitable and organized structure in order to increase efficiency and productivity. Appropriate organizational structure enhances the achievement of goals and strategies. Such attempts have proved to have direct impact on increased sales, higher profitability and success in business. Work by Shafiee et al. (2016) highlighted the importance of valuable link between an organizational structure and personnel performance and its importance to business. The findings of the present research support the study by Shafiee et al. (2016) by highlighting the difference between the local and Turkish owned factories. The findings revealed that Turkish-owned factory (001) has a business oriented internal structure that results in a much better performance of the staff and reflected in a higher profitability of the factory. In addition, with the existing internal structure, the factory ensures the presence of effective communication that greatly facilitates to having informed and educated staff. On the other hand, we have seen less business oriented structure of the local apparel factory (002) with the limited number of
production lines that affect the productivity and consequently profitability of the factory. In addition, the existing internal structure deters effective communication within the factory that is preventing its development. Hence, it can be noted that the results of the present research strongly support the study by Shafiee et al. (2016) and highlight the importance of its value in the local context.

The review of organizational structure of (001) and (002) factories highlighted the assignment of tasks within the factories, supervision structure and hierarchy that affect the manner in which the organizations is run and its impact on the profitability of the factories. The comparison of 001 and 002 demonstrated several faults within the local apparel factory, indicating the low efficiency and less business orientation that results in low profitability and low efficiency of factory (002).

002 has weak internal source of intelligence unlike 001. Due to the absence of marketing department the executive director undertakes marketing tasks. However, the combination of two distinct responsibilities leaves the executive director unable to ensure the influx of relevant and pertinent marketing intelligence. Consequently, sporadic intelligence update is detrimental for the factory development in the competitive environment. For that reason, the personnel remain less aware of market developments and less flexible and efficient to changing market needs.

The findings of the research reveal that the absence of flexibility affects the innovation capability of Georgia’s apparel factory (002), which according to Adler & Schender (1990 cited Dadfara et al. 2013), is application of a set of appropriate processes to produce new products that meet market needs and enable quick response to unexpected competitive conditions. Dadfara et al. (2013) investigated the link between innovation capabilities, technology, product and performance. The empirical study delivered positive correlation between the listed factors. However, the authors provided pre-requisites for the positive outcome which are: innovative management, organizational structure and effective link with customers. Although the research was undertaken in pharmaceutical industry in Iran, it can be considered and applied in Georgia’s apparel industry. The findings of present research support Dadfara et al. (2013), since the absence of pre-conditions identified by scholars affects the apparel industry’s development. As seen in the findings of this research, the absence of the factors like innovative management,
organizational structure and communication with customers have negative influence on the competitiveness of Georgia’s apparel industry. Therefore, more focus on internal structure, innovation, technological developments and products can deliver positive results for local apparel manufacturers.

Another relevant aspect for competitiveness of the apparel industry is the identification of competitive priorities in the local context. Kremer (2013) studied competitive priorities in the apparel industry in Turkey and identified the following relevant dimensions for the apparel industry development. These dimensions are: innovation, quality, flexibility, delivery. Although the study was undertaken in Turkey, the findings of the present research show that the absence or poor presence of these dimensions leads to slow development and low competitiveness of Georgia’s apparel industry. It should be noted that some respondents compared the current position of Georgia’s apparel industry with Turkey’s apparel industry ten years ago. However, within the last ten years, Turkish government has greatly supported the apparel industry’s growth with the key focus on improving the relevant dimensions. Consequently, Turkish apparel industry has turned into a manufacturing hub for many international brands. In that regard, consideration of these factors will be beneficial for Georgia’s apparel industry. Certainly, these dimensions should be studied more thoroughly in order to identify the priority of each in the context of a developing country. Results of the present study highlight the negative implication of the absence of these dimensions on Georgia’s apparel industry development, therefore efforts should be directed towards minimizing these weaknesses.

The local apparel factory (002), the best representative of local factories in Georgia, revealed that innovation and quick response to market needs remains a challenge for local manufacturers. For that reason, Georgian factories prefer staying in the local market and produce for the local market which requires less innovation and flexibility. However, operation in the local market is less profitable and less supportive of advancement in terms of knowledge sharing.

Turkish owned factory (001), regardless of not having marketing department, is monitored and instructed by the head office in Turkey, where strong marketing department is in charge of providing 001 with pertinent market intelligence. In the light of technological advancements, distance poses no challenges between the head office in Turkey and 001. By combining different
means of communication, 001 is always updated and cognisant of relevant developments in the market and clients’ requirements. The effective communication brings success to the factory by being proactive rather than reactive to global market needs.

As highlighted in the interviews, obtained marketing intelligence helps 001 factory management design new, more effective approaches to identify opportunities arising in evolving market segments. It facilitates new partnership arrangements and reinforces the existing links which are apparent in the factory’s strong positioning and long term collaboration with famous brands. As results show, the marketing department at the head office constantly monitors all the branches, maintains regular contact to ensure continuous flow of intelligence on the apparel industry and the competitive environment that affects their positioning. According to Nasri (2012), constant flow of marketing intelligence provides information on modern technologies, markets, customers and external environment that significantly influence the positioning of any company. The empirical study undertaken in Tunisia’s retail industry fits the Turkish owned factory (001) in Georgia from the present study. The findings of present research support Nasri (2012) by highlighting the difference between the local factory (002) and Turkish owned factory (001). The results revealed the benefits of an effective application of marketing intelligence in Turkish owned factory (001), which facilitates the reinforcement of already created strong positioning. On the other hand, results also highlighted the negative impact of the absence of an effective intelligence application that still prevents the local apparel factory (002) from developing.

Another scholar Shafiee et al. (2016), investigated the relationship between organizational structure and personnel performance, the results of which provided positive relationship between the two factors. Scholars demonstrated the benefits of successful combination of factors from the managements’ perspective such as: omitting repetitive tasks, deploying economy of scales, co-directing of strategies and organization abilities which contribute to increased efficiency and development of abilities. The findings of present research support Shafiee et al. (2016) by revealing less favourable results in Georgia’s factory (002) compared to Turkish owned factory (001) as a result of internal structure. The existing internal structure makes the local factory (002) less business oriented and less profitable. As we saw, this is mostly reflected in the number of production lines and the efficiency of workers.
Primary data showed that Turkish owned factory (001) has 8 flexible production lines, whereas local factory (002) has only four less flexible lines. The number of sewers in each line of 002 is excessive due to little productivity of sewers. 001 factory with eight lines, manages to be more flexible and perform at a higher quality standard and at a high speed with huge variety of items. Sewers in 8 different lines are cross-trained and can perform various assignments. 001 has maximum 30 sewers in each line and also has backup staff comprising ten sewers. More importantly, all sewers are cross-trained to minimize any unexpected delays in operations. This is a sign of being customer oriented, which is reflected in all activities. 001 factory management understands the value of having cross-trained staff in order to minimize loss and waste of time, which has positive implication through the higher efficiency of the personnel.

As noted, 002 factory in contrast, has only 4 lines with an excessive number of sewers. Moreover, not all sewers are cross trained. Only one line, consisting of relatively young sewers, is cross trained capable of dealing with various orders. With almost equal number of sewers totalling 270-290, 001 displays distinct capabilities of dealing with bulk order comprising various styles. Whereas, 002 with a higher number of sewers, has only 4 lines undertaking operations of similar complexity, mostly suitable for local market needs. The productivity issue in 002 is accentuated by the absence of modern machinery, the replacement of which seems unlikely in the short term due to limited financial resources.

Lin et al. (2014) studied the performance of footwear manufacturing factory through multiple production lines. The research was conducted in the shoe factory located in China with more than 15,000 employees. The authors proposed a model supporting the system with multiple production lines in parallel with no common station, which can be considered not only in the footwear manufacturing but in all manufacturing systems. Indeed, if we compare the size of factories in China and Georgia the difference is significant. In Georgia, a factory with 300 employees is already considered a large factory in the local market size. Despite the different surroundings, the presence of several production lines proved to be more dynamic and successful in Turkish owned factory (001). The findings of present research showed that such a model is well implemented by 001 with multiple lines resulting in higher capacity and productivity of sewers. However, successful implementation of this model in Georgia’s factories will take time due to low efficiency and low productivity of local sewers.
The benefit of multiple lines in the manufacturing system is supported also by other scholars like Lan (2007) and Chen and Lan (200), who proposed a network model for manufacturing system with multiple production lines in order to increase profits. The presence of multiple lines proves to be effective for the manufacturing factories, even findings of the present research supported the model proposed by Lin et al. (2014). However, it requires contextualising in developing countries, since the model has not signified the issue of productivity in developing countries.

With multiple production lines, back up staff and higher efficiency, 001 displayed more efficient use of staff, more market orientation and focus on establishing long term relationship with clients. Market orientation provides behavioural norms and high responsiveness to market information, which is evident in 001. Turkish management of Turkish owned factory ensures market orientation among the local personnel, resulting in high performance and profitability.

Frosen et al. (2016) analyzed 628 firms and found that market orientation is an important determinant of business performance. However, they found that to fully realize the benefits managers need to complement it with the appropriate marketing performance measurement, the level and focus of which vary across firms. The findings of the present research extend the study by Frosen et al. (2016) in terms of highlighting the importance of marketing orientation for the development of Georgia’s apparel industry. More clarification is required to determine the appropriate marketing measurements for developing countries to determine particular dimensions of marketing performance.

Evaluation of organizational structure demonstrated strong business orientation of Turkish owned factory (001) through rational application of marketing intelligence and integration into a decision making process that brings success and profitability to the factory. This statement is supported by the strong positioning of the factory at the Georgian market and long term collaboration with famous brands. On the other hand, local apparel factory (002), with less flexible staff and fewer lines, displayed low efficiency and low productivity of staff that greatly affects the responsiveness of factories to global market needs.

Comparison of organizational structure enabled the researcher to track the marketing intelligence utilization process within the factories, identify reasons for the lack of processing and dissemination in 002 that affect the functioning of the existing marketing intelligence model in
Georgia’s apparel industry. It also revealed challenges in the available skills, capacity and productivity that affect the positioning of local factories. However, all these issues can be addressed through financial support of the Government, financial institutions, workforce and skills development which will be addressed further in the chapter.

Trim (2004) highlighted the importance of altering organizational structure and organizational culture in order to embrace change within the environment. The scholar focused on the value of management’s attitude towards embracing such change at all levels within an organization. The research was conducted in a UK company which facilitated the development of strategic corporate intelligence and transformation marketing (satellite) model. The model supports subordinates to build good working relationships with the internal staff in various departments and facilitate the collection, analysis, interpretation and dissemination of relevant intelligence through the organization. This is a model which is well applied in developed countries. The findings of the present research reveal the urgent need to introduce similar changes within local apparel factories. Most importantly, such change both at the structural and cultural level must take place at all levels. However, implementation of such a valuable model will be tough in developing countries where marketing culture is poor, staff capable of processing and evaluating intelligence is weak, and communication problems are apparent at all levels. Therefore, the implementation of such a model should be gradual process with slow elimination of hindering factors. The findings of the present study support the introduction of adequate changes, where successful implementation of the model envisages steady modifications both in organizational and cultural structure.

6.4.4 Skills available in post-Soviet Georgia’s apparel industry

From the very onset of the research, the absence of skilled labour was acknowledged by all respondents as one of the severe issues that affect the positioning of Georgia’s apparel industry. The value attached to skilled workforce has seen common support among participants, particularly in relation to apparel industry, since productivity and efficiency of staff provides the backbone of a competitive apparel industry.
However, comparison of Turkish owned factory (001) and local factory (002) revealed differences in steps undertaken by the factories in terms of ensuring the presence of skilful staff for the higher efficiency of performance. 001 factory management seems to understand its value and practical implication, consequently it ensures the presence of cross-trained staff equipped with relevant knowledge and capabilities. As interviews reveal, the management of 001 views cross training as an essential element to create an efficient staff, avoid delays and time wastage. For that reason, the factory offers on-site training and cross training to disseminate knowledge and enable employees to practice their skills to the benefit of the factory.

Sava & Coroama (2011) studied the importance of staff training in the sustainable development of rural tourism in Romania. The results demonstrated an increasing need for professional behaviour to achieve quality service and create better customer perception regarding the quality. The importance of professional staff is apparent both in developing and developed countries and for all businesses. Although the fields are different, the findings of the present research support Sava & Coroama (2011) by revealing the gap created as a result of the shortage of adequate staff, both in the marketing field and in the production part in local factories. Results showed that skills shortage affects the efficiency, productivity and consequently the profitability of Georgia’s apparel factories.

On the other hand, the findings of present research reveal contribution of an effective training system in terms of financial performance in the Turkish owned factory (001), which once again supports the study undertaken by Sava & Coroama (2011). The supporting evidence for staff efficiency and productivity in 001 factory was provided in the previous subsection, by analyzing the number of lines reaching 8 with all skilled staff, which increases the compliance with the clients’ needs and profitability, discussed further in the chapter.

The research findings reveal that in contrast local factory (002), despite recognition of the existing challenges, still faces shortage of human and financial resources to eliminate the issue. Certainly, in the light of financial scarcity heavy investment is unlikely in staff training, however dissemination of the existing knowledge among the staff members does not require new financial investment. It requires more focus on change of attitude and culture of disseminating knowledge, which is the most cost-efficient option; which is successfully applied by the Turkish
owned factory (001) management. On the other hand, the local factory (002), despite putting great emphasis on the significance of trained staff, has not implemented on-site training, neither cross training has been performed, leaving the factory with less flexible employees. The findings reveal that the local factory management only hypothetically acknowledge the value linked to skilled staff, without actual investment in their development, resulting in low efficiency of production.

Only when the local apparel industry representatives start evaluating training as valuable investment, will it enhance the competitiveness of the whole industry. Mthokozisi & Clifford (2015) studied the importance of training and development in improving performance in organizations and investigated relationship between training and development on product delivery. The results supported the need for an effective training and development system in order to achieve higher performance and provision of services. Although the study was undertaken among the municipal employees in South Africa, it can be compared to local apparel industry employees. The findings of the present research reveal the negative impact of weak training or in some cases the absence of trainings, on Georgia’s apparel manufacturing industry. Unfortunately, this is reflected in the inability of local manufacturers to provide services and products according to demanding global apparel market needs. Therefore work by Mthokozisi & Clifford (2015) is supported by the present research and consideration of its results in the local context can greatly benefit the apparel industry development.

Here, it should be underlined that insufficient financial resources cannot be justifiable reason for the absence of on-site training in local factories, since all lines in all factories have line managers. These line managers are in charge of monitoring the production process of each manufacturer in the assigned line. This implies that in case of lacking skills detected immediate on-site training should be undertaken to eliminate the deficiency. However, this is not often the case in local factories. Again, it highlights the inappropriate attitude of management and line managers in terms of ensuring the effective functioning of each production line. As results of the present research reveal, this attitude is completely different in Turkish owned factory, where dissemination of knowledge is widespread practice, effectively implemented by all personnel. Consequently, such attitude is reflected in the higher efficiency and profitability of the factory.
The shortage of finance has more severe implication resulting in weak capacity of factories to obtain new technology, which in combination with low productivity affects the competitiveness of local factory (002). With the outmoded machinery and weak IT skills factory 002 fails to successfully operate in the international market for long term contracts. The growing competition obliges companies to seek innovative and effective ways of doing business to increase efficiency and productivity in order to achieve sustainable competitive advantage. In that regard, (002) fails to seize the opportunities offered by the rapidly developing information technology that greatly assists businesses to achieve objectives. As a result, the local factory (002) is deprived of innovative operations, effective customer relationships, manufacturing and all other key activities that aid to development of competitive capabilities. As the findings of the present research show, all these aspects are obvious in Turkish owned factory (001). Supporting evidence is the long term contracts with famous international brands which factory 001 has, that indicate the presence of an efficient and productive staff, capable of managing and maintaining beneficial relationship with clients and developing competitive position.

The research findings revealed another issue, the absence of skilled staff. It has strong links with the first theme communication and information flow. Due to the absence of effective communication between the apparel industry representatives and the vocational educational training providers, an adequate training needs assessment has not been made so far. Cekada (2010) studied the value of training needs assessment in determining the nature and scope of resources required to support training programs. The topic of training and its value to the development of a company is common to all fields and all countries. The results of the present research support the study by Cekada (2010), by revealing the negative impact derived from the absence of training needs assessment, such as: ineffective training program and inconsistency between the apparel industry representatives and training providers in terms of skills development. Therefore, local apparel manufacturers have to support training needs assessment in order to design adequate training programs as an initial step to eliminate skills shortage.

As revealed from the results, due to poor marketing background and marketing proficiency local apparel factories lack the skills to fully comprehend and evaluate the external environment related to company’s customers, competitors, markets and industry to enhance strategic decision
making. With the absence of marketing skills, local factories fail to capture necessary intelligence for business marketing decisions.

The limited availability of marketing skills results in poor understanding of marketing principles and market orientation which embraces innovation, change and flexibility. The backbone of the apparel factory, apart from proactive management, is skilled and innovative labour ready to accept challenges. However, this is more a characteristic of younger employees. The results reveal that Georgia’s apparel factories are mostly staffed by elderly sewers with high resistance to change. Regrettably, local factories have tolerated this situation due to lack of enthusiasm among the younger people to join the apparel factories, since they prefer working in boutique style atelier. The older age of manufacturers hinders the introduction of innovation and flexibility among Georgia’s factories.

On the other hand, there is need for a closer investigation of the management’s involvement in staff motivation in local factories, to what degree their presence and performance are appreciated, do they get continues support from management. This can be the topic for further research for those scholars interested in the motivational aspects. In the Turkish owned factory (001), the research results reveal the evidence for equality and union within the factory which has been highlighted by the respondents. However, this does not seem to be the case in the local factory (002). Perhaps some more motivation, commitment and dedication towards employees can change the young sewers attitude and boost loyalty in local factories.

Kasenga & Hurtig (2014) studied the importance of staff motivation at health facilities in Malawi to realise work potential. Results showed that motivation is essential in any working condition. Amongst the recommendations were: training of staff and communication between management and staff by strengthening of routine meetings. Although the field is different from the apparel and Malawi has completely different culture compared to Georgia, the findings of the present research revealed the same problem. In both cases, there is a need to ensure the presence of motivated staff; therefore, the same recommendations should be considered in Georgia’s apparel industry. The findings of the present research revealed the poor presence of motivated staff that results into low efficiency and high turnover rate in Georgian factories. Another relevant recommendation provided by Kasenga & Hurtig (2014) is effective communication between
management and staff by strengthening routine meetings, which is absent in the local factory (002). As a result, 002 suffers the consequences which are reflected in all activities undertaken by the factory. This evidence supports study by the scholars in terms of valuing the importance of strengthening the routine meetings between management and staff that add value to maximize potential for work.

Results of the present research also revealed the absence of promotional and selling skills, having close links to the first theme communication and the second theme marketing culture as well. The skills shortage has been identified in the field of apparel technical design, which for export oriented apparel industry is of high relevance. Primary data also demonstrate the link between the low productivity and the absence of local mass production that deters the development of Georgia’s apparel industry. The shortage of skilful workforce seems to affect the Government’s efforts to attract foreign investors in the apparel industry. All promotional activities are not supported by skilful workforce that results in failure to enter into long term beneficial relationship with potential buyers.

The combination of skills shortage and poor presence of marketing intelligence affect the value delivery potential to the target market. Hassan (2012) studied customers’ perception of value in the UK supermarkets and showed that marketing strategies greatly facilitate the value delivery. Customers, both in the developed and developing countries, are becoming more knowledgeable, looking for value which can be delivered only by listening to customers and obtaining marketing intelligence. The findings of the present research reveal that even in developing post - Soviet Georgia customers are looking for values. For that reason, local apparel industry representatives have to improve marketing skills in order to enhance the value delivery and focus on long term relationship both with local and international buyers.

The combination of ailing factors such as: poor presence of marketing culture and consequent absence of strong marketing personnel capable of rational application of marketing intelligence, coupled with insufficient skills and outmoded technology create significant competitiveness gap within Georgia’s apparel industry. Local apparel manufacturing industry representatives in Georgia, with the existing strategies and approaches, fail to absorb more value driven activities and be more flexible to enhance competitiveness. In addition, such weak background has
negative impact on the manufacturing flexibility that deters the development of the apparel industry.

Malhotra et al. (2010) studied several dimensions of manufacturing flexibility, such as: 1) volume flexibility - which is weak in Georgia due to shortage of skills and consequent low efficiency of local manufacturers; 2) variety flexibility - weak due to the key focus of manufacturers on the local market and mostly on uniform production that requires less variety. However, again this is related to the shortage of skills: 3) machine flexibility - weak due to the absence of adequate skills and the lack of finance to obtain new machinery; and 4) expansion flexibility - weak in Georgia’s apparel industry due to the shortage of skills.

The findings of the present research support Malhotra et al. (2010) by acknowledging the value of these dimensions; however, the researchers have not specified them for developing countries. These dimensions are relevant in the developed countries with high market orientation since, as the researchers mention: “…meeting customer demands require a high degree of flexibility as well as abilities to reconfigure operations for new demands.” As a result: “…the performance of how the products develop within the production system will be a strategic weapon for competition in a turbulent and changing business environment” (Malhotra et al. 2010, p 137).

Despite the different background, findings of the present research delivered the same results. In that regard, it should be noted that the poor presence of these dimensions has a negative impact on Georgia’s apparel industry development. As we see, all these dimensions of manufacturing flexibility are fragile in Georgia’s apparel industry that affects the development of competitive apparel manufacturing industry. However, more detailed study will add clarify to dimensions of manufacturing flexibility in terms of applying and prioritizing them in developing countries like Georgia. Therefore, these factors should be studied and considered for developing apparel industry of Georgia, since the study by Malhotra et al. (2010) has not signified the impact of the environment in which the manufacturing industry has to develop.

To summarize the challenges, Bellemare et al. (2013) can be invoked. They explored the global competitive apparel industry where customers have already started demanding more customized products. However, they identified several causes of the slow adoption to competitive apparel industry: “(1) a lack of technological fluency on the part of managers and labour, (2) a strong
resistance to change in a very traditional industry still relying on outdated work habits, (3) a lack
of proactive action and (4) minimal investment due in part to the difficulty in borrowing.” The
results of the present research fully support work by Bellemare et al. (2013) by highlighting the
fact that all these aspects are active and severe in post-Soviet Georgia’s developing apparel
industry and that hinder the effective development of the sector. However, all these issues can be
addressed gradually through targeted training aimed at developing a strong workforce with
adequate skills with financial support of the Government and other financial units.

6.4.5 The attitude of Georgia’s apparel industry representative towards marketing
culture

The research results revealed very positive and rational attitude of the management and
employees towards marketing culture and marketing intelligence within the studied factories.
However, the in-depth assessment reveals that Georgia still suffers from the remnants of the old
Soviet way of thinking that affects the implementation of marketing approaches. This attitude is
expressed in unwillingness to follow new competitive market requirements that require the
presence of a strong strategic and marketing planning with the focus on customers. The old
Soviet style of thinking deprives most of the industry representatives of the flexibility and
innovation which are key in the competitive environment. Moreover, such attitude supports the
presence of selling orientation rather than marketing orientation, with less focus on building the
long term beneficial relationship with potential buyers. The major reasons for such attitude are
the post-Soviet mindset and old way of thinking in terms of doing business.

As revealed by the research, the major setback of post-Soviet mindset has implication in
resistance to change among relatively elderly employees, which is characteristic of Georgia’s
apparel industry. Varol & Varol (2013) studied the ways of overcoming resistance. The research
undertaken at Firat University showed the power of trust against resistance to change, implied in
individual or group face-to-face meetings in order to communicate feelings and resolve issues
collectively. Such an approach is unique and fit for both developed and developing countries and
for all businesses, since resistance to change creates problems in many areas and many countries.
The findings of the present work support Varol & Varol (2013) by highlighting the negative
impact of ineffective communication at all levels and infrequency of meetings. As shown from the results, such an environment discourages staff to resolve issues collectively that negatively affects the spirit of unity. Hence, management of local apparel factories can fight the existing resistance to change among employees by constantly communicating the value of change and jointly overcoming the associated challenges. Even here, there is a problem of communication, which affects Georgia’s apparel industry development and growth.

The results of present research reveal that most managers of local factories display resistance to investing in relevant re-equipment or re-training of sewers in order to meet the growing demand of rapidly changing global apparel industry in the light of harsh competition. Indeed the issue of financial scarcity deters the implementation of plans within the factories. However, due to the inappropriate attitude, developed as a result of poor marketing culture, significant activities such as experience and knowledge sharing among the employees through on-site training are not taking place within the factories that can greatly contribute to skills development without financial investment. The use of internal sources for the enhancement of knowledge and productivity is one of the cost-effective ways to ensure skilled staff; consequently, consideration of this cost effective approach can bring immediate value to local apparel factories.

As results revealed in local factories, the management is Georgian with the so-called post-Soviet mindset, consequently priorities are not well considered and factories are less organized. For export oriented Georgia’s apparel industry willing to deal with big brands, there is a need to become more organized and able to appreciate the value of timely performance with minimum waste, which is relevant for the apparel industry. Respondents even admitted that the marketing-mindset contributes to being organized and this is particularly relevant for the apparel business, since being organized provides foundation for success. The reality is different, due to strictly fixed mindset some managers remain stuck in the old style of thinking that deprives them of the ability to evaluate market needs and consequently adapt to the new environment.

Dweck (2010), one of the leading researchers in the field of motivation at Stanford University identified two types of mindsets: fixed mindset and growth mindset. Under the fixed mindset individuals tend to think that the basic qualities, like intelligence or talent, are fixed qualities and spend their time documenting intelligence or talent rather than developing them. The findings of
the present research revealed the strong presence of fixed mindset among local manufacturers, which increases resistance to change and innovation. In contrast, in a growth mindset, individuals believe that basic abilities are subject to development through dedication and hard work. The results of the present work support the idea that the management of Turkish owned factory is characterized by growth mindset reflected in dedication to work. This is evidenced by the successful attempt of Turkish management to gradually transform fixed mindset of employees into growth mindset which is apparent in the current attitude of staff and performance.

Results demonstrated that the problem of fixed mindset is prevailing not only among the managers but also among the employees. Regrettably, such attitude has poor implication for the adjustment to developing market needs. The created comfort zone makes some local industry representatives reluctant to accept innovations and learn new requirements of the global market. As Dweck’s (2010) study reveals that people with the fixed mindset do not acknowledge and correct their deficiencies, and a company that fails to self-correct will not be able to survive in the competitive environment. Consequently, one of the reasons for low competitiveness of Georgia’s apparel industry, in the light of the competitive environment, can be viewed as the predominant fixed mindset among local manufacturers with its roots in post-Soviet thinking and the old way of doing business.

In discussing the attitude of Georgian manufacturers, there is a need to refer to the age problem as well. The fixed mindset and consequent wrong attitude are particularly apparent in relatively elderly employees. As results demonstrated, age plays significant role in terms of accepting the challenges and innovations, especially in the apparel industry. Sewers in Georgia’s factories specialize in one line production which is - uniforms, hence shift to new challenges and engagement into several lines production is associated with resistance especially among relatively older sewers. Young sewers’ attitude is more open, willing to get engaged in the more complex production and produce high-end fashion items. However, young employees create different problems particularly high turnover. Therefore, factories have to maintain elderly sewers with fixed mindset rather than rely on unpredictable young sewers who can easily leave their job.
On the other hand, the overview of the apparel industry made by the USAID (2012) revealed that young sewers have different attitude characterized by more ambition. With the minimum knowledge, acquired from the vocational training providers, young sewers prefer working with local fashion designers rather than factories. Particularly, in Batumi where the Turkish owned factory is located, this problem is more severe due to abundance of seasonal jobs during the summer. Therefore, factories are forced to keep relatively elderly sewers that affect the speed of production and consequent productivity of lines.

The reasons for high turnover among young employees are various, amongst which the most mentioned is the fact that apparel is mainly a female dominated industry where marriage of employees often implies giving up a job for the sake of family. This is particularly a feature in the rural areas. Another reason is less enthusiasm and ambition to find highly paid job. Consequently, once again the issues of attitude and motivation have emerged which can be the topic of discussion for scholars interested in this field.

Post-Soviet mindset, in combination with the absence of marketing culture and financial shortage, creates major problems within local apparel industry that affect the competitiveness of the apparel industry. However, with targeted training the attitude and mindset can be changed to the benefit of the company. This proved to be the successful case in Turkish owned factory (001). As results revealed, initially the management has difficulties in terms of implementing the marketing principles. However over time, with targeted training and smooth communication flow within the factory 001, the attitude of staff has changed. Today, the Turkish owned factory is distinguished by having innovative, flexible staff willing to overcome difficulties and respond quickly to changing market needs.

6.4.6 Profitability

Profitability in the apparel business is directly related to the number or contracts made with clients and the volume of orders. However, longevity and success of contracts are hinged on factories’ flexibility and responsiveness to changing market needs. The comparison of Georgia’s and Turkish owned factories demonstrated that market orientation has a long-term beneficial relationship with famous UK brands for whom the quality of production is key. The eight years
successful collaboration with the famous brand already serves as an indicator of higher productivity implying higher profitability. As seen, the research findings revealed the higher profitability of Turkish owned factory (001) as a result of higher efficiency, marketing orientation and effective communication that aid in keeping informed and prepared staff.

In contrast, findings highlight that local factory (002) has to improve efficiency and communication at all levels and disseminate knowledge in order to respond effectively to market needs, which are directly related to the profitability of the factory. The local factory (002) is distinguished only with short term, less profitable contracts due to low efficiency and lower responsiveness to market needs. However, the factory has seen improvement during 2011-2013 as a result of USAID intervention through targeted activities aimed at increasing the marketing culture and improving the application of marketing intelligence. The intervention has greatly facilitated in increasing the profitability of 002 factory. The results support the focal suggestion of the present research that with the rational application of marketing intelligence, factories can become more competitive, increase profitability and become responsive to market needs.

6.4.7 Other relevant points from unofficial interviews/meetings

Information obtained from formal 10 interviews and 47 unofficial meetings/interviews exposed researcher to a richer story. Fieldwork and collaboration with the industry members provided a more comprehensive picture that enabled to fully capture the depth of the problem mostly implied in practice-related issues. Interviews with different stakeholders like: the Government of Georgia, apparel & footwear association, Tbilisi fashion week, Georgian designers, the USAID experts and the vocational educational training centres revealed diverse attitudes and different concerns over the research problem that enhanced the story and provided more details on the topic. Such environment exposed researcher to participants’ vision and viewpoint on the research problem that added clarification and in-depth understanding of the factors hindering the effective functioning of standard marketing intelligence model in Georgia’s apparel industry.

As revealed from chapter 5, six major themes developed within the present thesis were acknowledged by all respondents. All interviewees, both from unofficial and unofficial meetings, highlighted the negative impact of developing marketing culture in Georgia. They recognized the
gap created by developing marketing culture, apparent not only in the apparel but in all other industries. All respondents deemed that such environment was unfavourable since it enhanced the resistance to innovation and further development. However, regardless of the common acknowledgment of the issues, its elimination seems to be unrealistic due to still dominant post-Soviet mindset. Such attitude of interviewees once again reinforces the argument that the post-Soviet mindset and the derived challenges have a significant knock-on effect on the industry advancement. In view of respondents, this is a problem that keeps most of the apparel representatives in old times where the importance of developing market and customers remain underestimated.

Another commonly acknowledged detrimental factor was poor skills, both marketing and other technical skills relevant for the apparel industry advancement. However, skills absence was attributed to various factors among which post-Soviet mindset and poor working culture were given a particular importance. In that regard, most of the interviewee blamed vocational training centres for the absence of effective communication with the industry members and the absence of training needs assessment. Interviewees also noted that despite the financial reward associated with the skills perfection still Georgian factories preferred remaining in a comfort zone with less salary and more comfort. Such attitude reveals the faults of a Georgian working culture which suffers from the absence of customer centrism and marketing orientation.

Another relevant aspect noted by all respondents, in need of a quick solution, was the absence of effective communication both internally and externally. Respondents acknowledged the limitations and the outcome of ineffective communication. However, the realistic solution seems to be unfeasible since the interviews reveal that the priority is given to blaming each other rather than trying to eliminate the issue.

Among the commonly argued factors was the absence of support from the Government of Georgia and from the financial institutions in terms of facilitating the affordable loans for the manufacturers. Despite the Government’s insistence on full support and facilitation of the apparel industry development, still, the stakeholders and the industry representatives expressed different viewpoint in that regard. They still blamed the Government for the ignorance of the relevant issues in the apparel industry and the consequent absence of targeted activities.
However, the prevailing view among all respondents was that without the Government’s support the apparel industry development was impossible and unrealistic.

Unofficial friendly meetings with the employees of different factories at different levels also revealed the fact that employees at the lower level were reluctant to argue on the existing problems due to fear of losing a job. In the light of still dominant unemployment background, employees seemed to prefer remaining silent rather than arguing on the weak aspect of the factory. However, as one of the interviewee noted the rapidly developing environment anyway would force all factories to adjust the whole system within factories including skills development.

International apparel experts argued that due to developing marketing background and still dominant post-Soviet mindset local apparel factories lacked the ability to fully understand and assess the external environment related to company’s customers, competitors, markets and industry to facilitate the strategic decision making. Consequently, with the lack of marketing skills, local factories fail to capture necessary intelligence for business marketing decisions. It affects the positioning and the competitiveness of the industry. Respondents explained that the global apparel industry had begun to stretch old boundaries to find new ways of reducing operating costs, achieving competitive advantage, and improving the bottom line. Due to these developments, many brands started diversifying in sourcing partners from other low cost countries. It is in this context, that Georgia has the opportunity to position itself as a destination for outsourcing and investment in the apparel sector. However, as noted by respondents, low efficiency and poor marketing background suspend the further development of the sector.

Several respondents touched the problem of technological development in Georgia which is also being developed. They argued on the value of digitization and new information-based platforms, which have greatly influenced the creation of an effective and more improved relationship with customers for enhanced business strategy. Some respondents underlined the ongoing trend characterized by 3D technology in apparel. However, such high tech platform can be introduced to Georgia after the basic requirements are fully met within Georgia's apparel industry.

The unofficial interviews revealed that Georgia’s apparel industry suffered from the absence of full package service. Full package service is viewed as a sound tool for an effective rivalry in the
competitive environment. As explained by the USAID expert, in the highly competitive apparel industry, where the competition took place not only at the manufacturing level but also at the augmented level, inability to offer the full package was the least attractive thing.

Among the highlighted problems was the absence of CSR which prevented the successful engagement of local factories into export activities. As explained by the respondent, this is very imperative trend picked up by many companies and incorporated into a general business. Those companies willing to become a part of the international business strategy face need for better understanding the international buying practice. As highlighted by the interviewee in a market, characterized by high volumes and low per unit costs, even small changes in per unit price could make an enormous difference in manufacturers’ ability to land contracts with international buyers. For that reason, Georgian manufacturers face a need for better understanding of how international buyers do business, how they expect contracts to be structured.

Much attention was given to the changing environment and the consequent modifications in the global apparel market, which have provided an opportunity for Georgia’s’ apparel industry in terms of becoming a part of a big apparel global market. As explained by the respondent, international brands and retailers were revising their global sourcing modalities and consumer behaviour and purchasing power had shifted in the wake of the ongoing global economic malaise that began in 2008. The apparel sector in Georgia, in that regard, faces an opportunity to partner with big brand names however still prevailing post-Soviet mindset and poor marketing background with a consequent lack of skills and communication keep the industry in stagnation.

Despite different ideas and attitudes displayed by the respondents from official/unofficial meeting/interviews, the malfunctioning of MI model and delivered problems have seen unanimous support. All respondents recognize the fact that such environment keeps the industry unable to absorb the value driven activities to enhance the competitiveness of apparel industry. Interviewees acknowledge that such background prevents the industry development and creates the void in understanding the value of being customer and market oriented in the light of rapidly developing global apparel industry. Therefore, the offered new model will be able to change the industrial practice and make the apparel manufacturing more competitive in combination with the changed attitude and skills perfection.
Both official and unofficial interviews provided valuable insights to the research process. Regardless of the established good relationship with all respondents, the researcher's professionalism prevented any bias by being objective. During all interviews, the collected data was recorded immediately after or during the meeting to avoid the researcher's subjective interpretation. To minimise the bias the researcher used data source triangulation to support the interpretation of data. During the interview, the researcher refrained from expressing own views on the topic to keep the conversation smooth. Such environment helped to avoid the potential bias and assured the integrity of the research.

6.5 Conclusion

The chapter provided discussions of the finding and comprised 12 subsections. It covered assumed six factors that are detrimental to functioning of the existing marketing intelligence model. One of the factors is poor communication cycle within the factories that prevents the presence of cognizant staff. This problem is accelerated in the context of poor marketing background. Another ailing feature is internal structure of the local factory with no marketing department and limited number of production lines that indicates the low productivity and less business orientation. The chapter also covered the available skills and attitude within local factories in the context of developing marketing culture. Evaluation of skills demonstrated a large gap of required skills in Georgia’s factories that affect the competitiveness of the apparel industry.

The USAID project made assessment of Georgia’s apparel industry in 2011, where the researcher was part of a large team working on the apparel sector development. The assessment revealed several key weaknesses that hindered the effective development of the sector. Amongst the mostly referred ailing factors was weak marketing capability. The findings of the present research are the extension of the study previously done by the USAID experts and further exploration of issues. The previous study identified general issues and has not signified the importance of the environment as revealed in post-Soviet era and post-Soviet mindset that creates many challenges for the sector’s development.
There are many issues stemming from the poor marketing background, however the researcher concentrated on identifying the reason for the malfunctioning of the existing marketing intelligence model. The key focus was placed on the strategic application of marketing intelligence among local manufacturers.

It is obvious that the developing marketing background affects the development of post-Soviet Georgia’s apparel industry and inhibits the smooth functioning of the model. However, the insight from the research and observation provide basis for recommendations. These recommendations, if implemented, can mitigate the existing issues and facilitate effective functioning of the existing marketing intelligence model and enhancement and development of the sector.
CHAPTER 7 CONCLUSION AND RECOMMENDATIONS

7.1 Introduction

To achieve the research objectives of the present study, five objectives were developed in order to determine the limitations of the existing marketing intelligence model in post-Soviet Georgia’s developing apparel industry, and investigate marketing intelligence as a strategy to enhance competitiveness in the apparel industry. The research objectives were divided into theoretical and practical, the first being theoretical and the others have practical implication. In order to achieve the practical objectives individual, semi-structured interviews were administered among the participants. The interviews were complimented by related reports to validate the interviews. The research findings led to the development of a model through qualitative case study, which integrated strategic application of marketing intelligence to enhance the competitiveness of Georgia’s apparel industry.

The present chapter is organized into the following subsections. The first subsection reiterates the objectives of the research, followed by review of the findings, the following part provides key recommendations for all parties involved in the apparel industry development. The third subsection considers research limitations and the fourth elaborates the research contribution. The fifth subsection focuses on identified areas for further research consideration and the sixth proposes the new model of best practice which integrates strategic application of marketing intelligence. The final subsection concludes the dissertation.

7.2 How the objectives were met

*Objective 1: To critically review the literature on the concept of marketing intelligence and evaluate its effect on the competitiveness of organizations.*

The first objective was addressed through the critical review of related literature about the importance of marketing intelligence, which was comprehensively covered in chapter two literature review. The literature provided evidence for increasing the value of marketing intelligence among the scholars in the light of the changing global business environment.
Marketing intelligence is viewed as a catalyst for growth of a company and facilitator for increasing the level of responsiveness to demanding global market needs.

The chapter highlighted the importance of marketing intelligence as a primary source of value and a critical factor in wealth creation. Another reason for the rising importance of marketing intelligence is the fact that it influences the effectiveness of strategic and operational decision-making, irrespective of the sector of the economy or market in which an organization operates.

Another significant factor affecting the global businesses is the rapid technological advancement that has completely shifted the global apparel industry to a more sophisticated level; therefore, it was given adequate consideration within the chapter. The sources of competitive advantage in the apparel manufacturing industry were considered too, which have proved to be unique sources of competitive advantage in the developed countries with a strong marketing background. However, there is no empirical study supporting these sources as a valuable basis for competitive advantage in developing countries such as Georgia. Another factor, essential for increasing the apparel sector competitiveness, was manufacturing flexibility and its contribution to creating more competitive apparel industry.

The chapter focused on the argument that the value of marketing intelligence is contingent on its effective and rational application, which remains weak in post-Soviet Georgia. The absence of empirical study regarding the application of marketing intelligence model in Georgia creates a gap in terms of identifying the right piece of intelligence to facilitate the strategic positioning of Georgia's apparel industry. The literature contains a theoretical gap in classifying the context for the effective means for succeeding in developing countries with a completely different background characterized by a poor marketing culture and poor understanding of the relevance of marketing intelligence. There is an absence of observational studies in the apparel industry of Georgia. To fill the gap, the focus of this research was on investigating the reasons for the existing faulty marketing intelligence model that deprives Georgia's apparel sector of the potential to turn into a manufacturing hub for many international brands. Finally, the research findings filled the theoretical gap by developing a new model of practice that could ensure an effective functioning of the existing marketing intelligence model in Georgia’s developing apparel industry, with its different background from the developed countries.
Objective 2: To determine the degree of marketing intelligence presence within preselected two factories - one Georgian and one Turkish operating in Georgia.

Objective 3: To analyse the application of marketing intelligence within Georgia's apparel industry, why does the standard model fail to deliver value?

The second and the third objectives were met by undertaking semi-structured face-to-face interviews with the representatives of two pre-selected factories. Obtained primary data enabled the researcher to examine the sources of intelligence and communication cycle within the selected factories, the comparison of which demonstrated the weak presence of marketing intelligence in the local factory (002).

Both factories are having access to marketing intelligence but which delivers value in combination with adequate processing and rational application that is absent in the local apparel factory (002). Information must be subject to regular assessment in order to identify relevant facts, determine significant relationships, and obtain the key findings and conclusions. In that regard, marketing intelligence model, if utilized well by integrating derived intelligence into the decision-making process can deliver high value for any business. This process tends to be smooth in the Turkish-owned local factory (001), where the presence of marketing intelligence is reinforced through regular intelligence processing, assessment and integration into the decision-making process. As a result, the factory is distinguished by long-term lucrative contracts with clients that reinforce strong positioning and profitability of the factory. Long term contracts are essential for competitiveness of the apparel industry, to ensure repeated business based on beneficial mutual alliance and accommodation of changing clients' needs, which is successfully exercised in the Turkish-owned local factory (001) through regular application of marketing intelligence.

Comparison of the two factories demonstrates that Turkish-owned local factory effectively aligns the communication process to ensure dissemination of adequate intelligence among the relevant units. However, this is not widely adopted practice in the local factory because of hindering factors, such as the limited presence of adequate human and financial resources. Georgian factory faces problems concerning intelligence utilization which deprives the factory of the value linked to the rational application of marketing intelligence. Consequently, the resulting
information vacuum keeps the local factory detached from the requirements of changing global apparel industry which results into weak strategic positioning and short term contracts. Examination of marketing culture in Georgia enabled the researcher to understand the operational background of the factories. It revealed the whole array of challenges hindering the effective functioning of the existing marketing intelligence model in the local factory. Amongst key challenges identified are: weak internal and external communication structure, fragile marketing background that results in the absence of a strong marketing team capable of ensuring effective data management and dissemination that affect functioning of the existing marketing intelligence model. The absence of strong marketing strategies influence the positioning of local factories and less market-driven manufacturers that further widen the gap between local manufacturers and global apparel market. Amongst many ailing factors deterring the functioning of the existing marketing intelligence model, is the post-Soviet mindset that increases resistance to change and innovation which are the backbone for survival and competitiveness in the apparel industry.

In a market driven society marketing intelligence serves as a bridge between internal and external environments that enables managers to develop informed and rational decisions on markets, competitors and strategy. The absence of a strong marketing intelligence model within Georgia's apparel industry prevents the creation of this bridge between local and global apparel industries and fails to serve as a catalyst for the required change and a higher level of responsiveness.

**Objective 4: To compare the effectiveness of marketing intelligence application between preselected two factories - one Georgian and one Turkish owned, operating in Georgia where most of the international brands outsource the production process.**

In order to achieve objective four, obtained primary data was used to compare the effectiveness of marketing intelligence application between the preselected two factories.

The comparison of the factories demonstrated weak and irrational application of marketing intelligence in the local factory (001) because of multiple reasons, among which the key challenge is a weak marketing background that deepens the absence of marketing skills to
address the intelligence application issue. A challenge for developing countries and, especially for Georgia’s apparel industry, is the ability to reconcile the concept relevant for designing a viable marketing intelligence model capable of delivering value to industry. The existing marketing intelligence model lacks the valuable input capable of making the model more effective. Amongst the ailing factors are: less business oriented internal structure, absence of financial resources to retrain staff to address the skills gap, and match the evolving development in the apparel industry.

Marketing intelligence application in Georgia’s factory (002) is particularly affected by the limited presence of skilled workforce. Information on the competitive environment is less valuable for companies lacking resources capable of obtaining, analysing and converting data into a valuable marketing information. In the absence of an efficient marketing intelligence model and adequate resources to apply it rationally, the local apparel industry is losing an opportunity to attract many international brands. The faulty model leaves the apparel industry representatives unable to integrate marketing intelligence into a strategic management process, which generates problems of timely response and interpretation of available data.

The effectiveness of marketing intelligence model in Turkish-owned factory (001) has implication for strong positioning in the local market, reinforced by long term successful contracts with well-known international brands. Rational application of marketing intelligence enables the factory 001 to remain cognisant of the apparel industry developments, maintain a flexible staff capable of dealing with large complex orders without long lead time in compliance with clients' requirements. Most importantly, the effective application of marketing intelligence is associated with the presence of skilled staff that maintains effective communication with the strong marketing department in the head office in Turkey. This approach creates healthy communication cycle, intelligence dissemination and efficient data management process to ensure strategically strong competitive positioning of the factory.

The management of the Turkish owned factory pays close attention to varying competitive environment that conveys information persistently on changes, trends, prospects, threats and weaknesses. Consequently, the value of information becomes apparent in the business strategies that facilitate the achievement of a competitive advantage.
Objective 5: To develop an empirically-validated model of practice which integrates strategic application of marketing intelligence with strategic decisions to enhance the competitiveness of post-Soviet Georgia’s apparel industry.

In order to achieve the final objective, the findings of the present research were used as valuable input for proposing a new model of practice with the focal point on rational application of marketing intelligence as a strategic tool to foster the performance and competitiveness of Georgia’s apparel industry.

The existing faulty marketing intelligence model deprives Georgia’s apparel sector of the potential to turn into a manufacturing hub for many international brands. The malfunctioning of the model is particularly harmful in the light of the changing global environment and
accompanying technological advancements, where the speed and quality of response to global market needs determine the success of a company.

The findings of the research provided valuable input into this new model of practice, focusing on an improved understanding of marketing intelligence theory and the impact of its rational application on the competitiveness of post-Soviet Georgia’s developing apparel industry. The inputs to the new marketing intelligence model consist of effective communication, intelligence dissemination, application for improved decision-making that can lead to better responsiveness to global market needs and increased competitiveness. The new empirically validated model of practice can eliminate information loss in the existing model and facilitate the alteration of behaviour that will lead to significant improvements in the sector and enable practitioners to effectively respond to the global apparel industry needs.

However, successful activation of the model requires external support from several units including the Government of Georgia, the apparel and footwear association of Georgia, and the vocational educational training providers. This holistic approach can significantly alleviate the existing problems by investing in workforce development and creating strong marketing department within the association that can offer valuable marketing services to all factories. Developing countries such as Georgia, trying to become a part of the global apparel value chain, need to reconsider capabilities and introduce relevant changes at all stages of the production process in order to compete effectively.

7.3 Key recommendations

A number of recommendations are proposed that consider available resources and challenges in Georgia’s apparel industry. These recommendations aim to support an effective communication cycle and information sharing and transferring of knowledge that will contribute to innovation, flexibility and efficiency. More importantly, the recommendations provide valuable input for an effective functioning of the existing marketing intelligence model that will have a positive influence on the competitiveness of Georgia's apparel industry.
7.3.1 Recommendation for factories

**Structural change / information sharing & data management** - The research results reveal the absence of marketing team and marketing department within local factories that monitors competitive business environment, rivals and opportunities, which is one of the key vulnerabilities of the local manufacturers. To overcome this limitation, the researcher recommends the creation of committed marketing personnel. Local apparel factories need to ensure the presence of at least one or two marketing persons within the factory in charge of undertaking marketing activities. They need to increase awareness of the value of communication at all levels.

Even if marketing intelligence is provided by the apparel and footwear association, there should be a single representative within the factory to process and utilize intelligence and, if required, communicate with potential buyers for more information on a potential deal. It will help factories design effective marketing communication to target new and existing customers. Where this is implemented, the marketing intelligence model is likely to become more effective and imperative in terms of delivering value.

**Improved communication structure** - The research investigation identified the absence of an effective communication structure within Georgia's apparel factories, which is essential for export-oriented apparel industry, in order to efficiently comply with changing industry requirements. In Georgia’s apparel industry there is a need for skilful marketing managers able to build networking and to ensure communication and negotiation with potential buyers/clients. In addition, local factory managers need to develop skills for effective communication, negotiation, networking and building long term beneficial relationship with potential buyers.

For this change to take place the Government of Georgia and the apparel and footwear association of Georgia should engage professional, experienced marketing specialists from foreign countries or even locally if available. Targeted training should be aimed at increasing awareness of the value of an effective communication structure both internally and externally, to enhance intelligence flow that will directly contribute to an effective functioning of the existing marketing intelligence model at all levels.
On-site cross-training practice to address the existing production efficiency problems - Apparel industry is very competitive and in most cases it suffers from low productiveness, as is the case in post-Soviet Georgia. All interviewed respondents highlighted the dominant production efficiency problem, despite the fact that currently Georgia focuses on the CMT (Cut, Make & Trim) production, which provides opportunities for garment producers to strengthen operational capacity. However, there is an urgent need to improve product quality and production capacity even under the CMT modality. The production efficiency problems are accelerated by the absence of adequate technical skills that deters the smooth manufacturing process. Factories need to take as an example the Turkish-owned factories in Georgia and ensure cross training of all sewers to gradually address the production efficiency problems. Moreover, this approach will make staff more flexible and smart, capable of dealing with multiple orders comprising various tasks.

Turkish owned factories have competent line managers who are in charge of sharing knowledge among sewers in the line and create technical knowledge within the factory. This approach should be practiced well among local factories that will enhance the knowledge dissemination among personnel and gradually eliminate the efficiency problems. In the light of financial constraints, this approach will be less costly for local factories and will have immediate impact on their capabilities.

Low efficiency of CMT focused local producers has been identified as one of the key causes for low competitiveness in combination with outmoded machinery. Other countries, with sufficient financial resources, respond to this problem by upgrading the machinery and automatizing the production line to boost productivity. However, this approach for Georgia might be risky, since apparel is a labour intensive industry and full support of automatization generates the risk of higher unemployment. In the light of the financial constraints, local apparel factories cannot afford to invest in expensive machinery, which itself requires skilled people capable of operating these units. Therefore, investment in capacity building through targeted training will have immediate impact and long term benefits.

Changes in working culture and attitude - Each respondent pointed out the presence of post-Soviet mindset and the consequent inappropriate attitude that has implication in poor working
culture. Under the post-Soviet mindset the respondents referred to old, inflexible style of working characterized by reluctance to embrace change and innovation. To ensure change, local factories need to design training to underline the benefit of flexibility and change, and make such training compulsory for all employees during initial recruitment training. Where this is implemented, employees are more likely to embrace an appropriate attitude and display appropriate working culture.

7.3.2 Recommendation for the apparel and footwear association of Georgia

**Improved positioning through effective communication** - The research investigation demonstrated weak positioning of the apparel and footwear association of Georgia, which fails to act as a bridge between the apparel industry and the Government and form a channel through which information is transferred from industry representatives to the Government for consideration for economic policy-making. There is extensive evidence to suggest that the apparel and footwear association of Georgia needs to start by ensuring effective communication with industry representatives and all related parties. It has to gain the trust of local factories in order to create unity and speak with one voice for the common interest of advancing the apparel industry.

For better understanding the challenges, the apparel and footwear association of Georgia can regularly use various data collection forms to gain insight into the apparel industry and prioritize the key concern areas in order to deliver them to relevant units for consideration.

**Offering marketing services** - In view of the local market size, consisting of only twelve Georgian factories and accompanying financial constraints, the apparel and footwear association of Georgia can borrow the successful practice from Turkish-owned factory in Georgia, which receives marketing services from the head office in Turkey, and pioneer the practice locally. Thus, the association can create strong a marketing department staffed with professionals, who provide marketing services to local apparel factories. The establishment of such strong marketing department should be supported by the Government by providing financial support in staff training and in other areas.
The new marketing department should be involved in research and development, market analysis, competitors’ analysis, and select adequate trade fairs and provide industry news on weekly basis to all factories. In addition, the marketing personnel should identify suitable geographic markets for local manufacturers. However, for this to happen, local factories, the apparel and footwear association of Georgia, and the Government of Georgia should ensure effective communication amongst themselves.

The apparel and footwear association of Georgia needs to become attractive for Turkish-owned local factories as well, through Government support, and make them members of the association so that they can share their experience and knowledge among local factories.

**Establishing market linkages locally and internationally** - The apparel and footwear association of Georgia should also work with Tbilisi fashion week to create links between talented local designers and manufacturers, with the aim to facilitate local mass production. This link will aid in creating better linkages internally that will engage both local designers and local manufacturers in domestic mass production, which is being slowly developed under Georgia’s Government attempt to facilitate local production in all fields.

In addition, the association should provide a platform for setting the apparel industry quality standards, for creating strong market linkages with the potential buyers both locally and internationally, and facilitate the advancement of the apparel industry.

**7.3.3 Recommendations for the Government of Georgia (policymakers)**

**Constant communication and feedback cycle** - Noticeable constraints have been identified due to the shortage of supporting actions from Georgia’s Government. This is mainly attributed to the absence of robust communication structure between the Government and the apparel industry representatives. To address this deficiency, the Government needs to develop a strategic plan to stay informed of the key challenges within Georgia's apparel industry that hinder the development of the sector. The platform can help to prioritize issues which are the key in the light of data tsunami. In that regard, the Government can use “data collection form” or survey, which can be distributed among the apparel industry representative and all other units involved
in the apparel sector development. In addition, the Government can use robust, continuous feedback and information exchange between the Government and the apparel industry representatives. That will help to gain better insight into the industry, understand its needs and design adequate actions.

The role of the national policymakers is vital. Ineffective communication between the Government of Georgia and Georgia’s apparel industry representatives creates a knowledge gap among the policymakers on the real needs of the apparel industry. Consequently, it results in the absence of a strong national policy and the lack of strategic actions from the Government side. Therefore, policymakers need to have the comprehensive understanding of the environment and design the actions accordingly with measurable goals. Such healthy communication cycle will ensure value creation process which is grounded in the combination of several factors such as: effective communication at all levels, constant feedback cycle and adequate action for being responsive and consequently profitable.

The healthy intervention and support of the national policymakers are imperative in the formation of sustainable marketing strategies in clothing and textile segments. Such support is particularly relevant for developing countries and for those industries at the nascent stage of development, as is the local apparel industry. There is a need for a stronger support from the policymakers to enhance the advancement of marketing culture and general competitiveness of Georgia’s apparel industry.

Value - enhancing communication is an essential condition for making the apparel industry competitive and profitable. The effective communication structure should create strong links among manufacturers, fashion designers, the apparel and footwear association, vocational educational training providers, and the Government. Without healthy cooperation and communication among these units, Georgia’s apparel industry will not be able to become competitive.

**Facilitation of local mass production** - Currently the Government of Georgia focuses on the export promotion, which is less successful due to several issues, among which the shortage of skills is the most sensitive. Therefore, domestic expansion and local mass production should be
encouraged and promoted as well, since it will help local factories to better master the skills and generate more profit. However, both approaches require skills development through training of professionals in marketing, communication, product development, commercial activities, negotiation and establishment of industry standards. Such trainings will deliver value to the apparel industry by ensuring more knowledgeable and skilful staff capable of responding to changing market needs. This in turn, will ensure the profit surge.

**Improved linkages with the apparel industry representatives** - The Government of Georgia needs to listen to the apparel industry representatives, ensure their voices are heard, and adequate actions are undertaken in order to minimize the challenges. For example, the Government should work closely with the apparel and footwear association of Georgia to become well aware of industry needs, allocate adequate support in the most sensitive areas like the shortage of finance and human resources. Such close collaboration will deliver value to the apparel industry by eliminating the shortages and constantly introducing improvements.

**Easy access to finance** - The research findings demonstrated extremely high interest rates on business loans that discourage local manufacturers from investing in staff training or other relevant activities. Therefore, to address these limitations the Government should act as a facilitator between the financial institution and the apparel factories, to enable manufacturers to obtain loans with reasonable interest that will facilitate investing in staff training, machinery and other concern areas in need of immediate resolution. Again, this practice has successfully been realized by the Turkish Government, in support of the apparel industry development.

**Tax advantages for the apparel industry development** - The Government of Georgia can share the experience of Turkey which has turned into a key manufacturing hub. For the last ten years, Turkish apparel manufacturing has seen successful development due to supportive actions undertaken by the Turkish Government. Amongst many important actions was a tax exemption for ten years for the apparel factories to facilitate the development of the industry. Similar tax exemption in the local context will deliver value and facilitate the advancement of industry.

**Strategic marketing plan** - The Government of Georgia together with the apparel and footwear association of Georgia, needs to ensure effective international marketing of the apparel industry
to brands, retailers, and potential investors, to craft a reputation as a quality producing country. The cornerstone of this plan should be the combination of qualified staff and favourable conditions, since the existing conditions fail to meet the expectations, especially without skilled staff. However, the presence of qualified staff requires firm level technical assistance for all local factories to address the existing efficiency shortfalls. Such assistance implies strategic workforce development that should be organized by the apparel and footwear association of Georgia and the vocational education providers, with the financial support of the Government and financial providers. The involvement of all related parties is essential for Georgia’s apparel industry. Such holistic approach will deliver value to the industry enhancement process and make the apparel industry more competitive and profitable business.

Major takeaway for the policymakers

- Create effective communication platform to be constantly aware of the apparel industry needs and design tailored actions in support of the industry advancement.
- Facilitate local mass production
- Ensure financial support and tax advantages.

7.3.4 Recommendation for the Vocational Educational Training Providers - VETs

Skills shortage has been identified as one of the most detrimental factors to the positioning and competitiveness of Georgia’s apparel industry. Therefore, vocational education training (VET) providers need to offer technical firm-level assistance aimed at strategic workforce development in compliance with the apparel industry needs. VETs also need to ensure continuous professional educational workshops to share information on the global industry trends, competitiveness, international quality assurance/quality control and social compliance requirements and quality control testing.

For better training results and superior alignment with the apparel industry needs, the vocational education providers should maintain effective communication with local manufacturers and the apparel and footwear association of Georgia. The VETs can use data collection form to
determine the concern areas in terms of skills development and make accurate training needs assessment, which will provide the basis for designing adequate syllabus. Identification of training needs is the cornerstone for successful training, otherwise the VETs face the risk of investing in wrong programs that would fail to deliver benefit.

Another marketing type of training must be aimed at creating awareness of the importance of customer/market focused orientation, on the role of product managers and customer representatives, in terms of managing orders and establishing beneficial relationship with clients/buyers. This is currently detrimental for export-oriented Georgia’s apparel industry.

As outlined above, due to budget limitations such training should be organized by the apparel and footwear association of Georgia and the VETs, with the financial support of the Government and financial providers. More importantly, all training should be evaluated continuously in order to assess its impact in terms of actual performance and if required repeat training for the best results.

7.4 Research limitations

The researcher came across several constrains during the research process that needs to be viewed together with the recommendations. These are:

1. The first limitation is that the outcome of the research heavily relied on the disclosure of accurate information, which is problematical to distinguish from false information.

2. The second limitation is that the research covers only apparel industry hence the results cannot be fully generalized to industry as a whole. However, in view of common weak marketing background and post-Soviet mindset, consideration of particular sector characteristics will minimize this limitation.

3. The third limitation is that although the apparel market is small in Georgia and the selected factories are the best case representatives of all factories, the results cannot be generalized to other factories because each can have its own individual factors that affect the functioning of the existing marketing intelligence model.
4. The fourth limitation is that the researcher found herself in an environment where the apparel industry actors blamed each other for the existing problems, rather than looking for common approach and solution. Despite small Georgian apparel market, the factories view it as a competitive market where disclosure of any information may affect their competitive position. Therefore, the researcher found some respondents reluctant to talk extensively about the internal problems that fully describe their weaknesses and the depth of problems. Particularly, disclosure of financial data was problematic, since only banks are required to disclose their financial statements in Georgia.

5. The fifth limitation of the present research is that only several hindering factors were considered within the present research, assumed by the researcher as detrimental to an effective functioning of the existing marketing intelligence model and the competitiveness of Georgia’s apparel industry. However, in post-Soviet environment, there could be more factors that could be considered in future in order to eliminate the challenges in Georgia's apparel industry.

In view of the particular nature of each factory in post-Soviet Georgia, with is still characterised by old ways of judging and doing business, the accuracy of disclosed data cannot be verified. In addition, the study could not address all the issues affecting the malfunctioning of the existing marketing intelligence model. Therefore, generalization of the findings is arguable.

7.5 Research contribution

Arguably, this is the first research in the field of the apparel industry in post-Soviet Georgia, therefore it contributes to literature by broaden knowledge on how marketing intelligence model works in developing countries with poor marketing background. The proposed model can contribute to enhancing the competitiveness of the apparel industry and increasing responsiveness to global apparel market needs that will foster growth and profitability. If implemented, the findings of the research will also have significant impact on the Government policy and general industry practice.
7.5.1 Methodological contribution

The first contribution is in the body of the methodology - qualitative case study. In addressing the research question “Why does the existing marketing intelligence model fail to deliver value to Georgia’s apparel industry?” the researcher considered qualitative case study, which has been undertaken for the first time in post-Soviet Georgia’s developing apparel industry.

The researcher’s adoption of qualitative case study and deploying semi-structured interviews, enabled the researcher to better understand the issues. The application of this methodology provided the opportunity to systematically analyse large dataset, generated as a result of interviews, get deeper insight of post-Soviet environment and its impact on the competitiveness of Georgia's apparel industry, and investigate marketing intelligence as a strategy to enhance the competitiveness in the apparel industry. In addition, the interviews were complemented by related reports to validate interview.

The researcher understands that the methodology is not itself new, however, its application in post-Soviet Georgia's apparel industry to understand the phenomenon - why does the standard model of marketing intelligence fail to deliver value to industry - is the first and unique in the sector. By adopting this methodology, the researcher discovered findings that can trigger change in the practice of marketing intelligence application in Georgia for innovation, flexibility, competitiveness and profitability of Georgia's apparel industry.

7.5.2 Contribution to knowledge

Association between marketing intelligence and competitiveness has been a subject of consideration among scholars (Cavusgil et al. 1993; Lewis, 2006; Lui, 2010; Beard, 2012). However, relationship between marketing intelligence and competitiveness has not been the focus of empirical study in the apparel industry of post-Soviet Georgia. The present research filled the gap by observing the relationship between marketing intelligence and competitiveness, and investigating marketing intelligence as a strategy to enhance the competitiveness of Georgia’s apparel industry.
The existing inappropriate model has not been the focus of criticism and evaluation among scholars in relation to the apparel industry in Georgia. The present research contributed to enrichment of marketing literature on the functioning of marketing intelligence model in developing countries with a background of poor marketing culture and financial constraints. It helped to determine detrimental factors that need to be considered and removed for developing countries.

The present research is the extension of Georgia’s apparel industry assessment made by the USAID EPI-Georgia project in 2011 and further exploration of issues affecting the development of Georgia’s apparel industry. However, the previous study did not signify the importance of post-Soviet environment and the impact of its remnants. Thus, the researcher investigated in further details and, in addition to already identified factors, added other factors and studied them in the context of developing post-Soviet Georgia with the consideration of particular characteristic expressed in post-Soviet mindset.

7.5.3 Contribution to practice

Due to being labour intensive and vulnerable to technological developments, the apparel industry remains one of the key priorities for the Government of Georgia. The research has coincided with the Government's effort to foster development of the apparel industry. The researcher is of the opinion that the synergy of provided recommendations, based on empirical study, can greatly influence the apparel industry advancement and, more importantly, industrial practice.

The rational application of marketing intelligence, as suggested in the text, will make parties like local apparel factories, the Government of Georgia, the apparel and footwear association of Georgia and VETs more competitive, knowledgeable, flexible and market oriented. The researcher's endeavour to increase awareness of the value of rational application of marketing intelligence is fundamental for the competitiveness of the apparel industry, since it directly contributes to establishing sustainable long term lucrative relationship with potential international partners and buyers.
From the very onset the researcher identified poor communication structure in Georgia's apparel factories that hinders the effective functioning of the existing marketing intelligence model. All involved interviewees shared the common view on the value of this model, which still remains weak and ineffective in all business sectors in Georgia. However, an immediate solution is prevented due to limited financial and human resource.

In view of challenges, the researcher aided the apparel industry by developing the cost effective communication structure, involving a central agency, which can enhance intelligence dissemination and data management within respective units. This approach will keep local factories equipped with relevant intelligence in order to be proactive, responsive, competitive and profitable.

This work is unique empirical evidence for Georgia's apparel industry for the potential of applying these concepts in practice. It is obvious from the research results that there is an opportunity for progress in Georgia's apparel sector, which requires behavioural and practical changes proposed in the recommendations.

The findings of the present research deliver valuable input to a new cost effective model of practice with the focal point of rational application of marketing intelligence, as a tool to increase the competitiveness of Georgia's apparel industry. Where implemented, it will eliminate information loss in the existing model and facilitate the alteration of behaviour that leads to more flexible and effective response to global apparel market needs. The proposed model of practice is based on the example of Turkey, supported by empirical evidence on the role of rational application of marketing intelligence. The model validates the pivotal link between the marketing intelligence and the competitiveness of Georgia's apparel industry.

7.6 Conclusion

The chapter comprised sixteen subsections. The first part concentrated on the research objectives and explained how each objective was met. Based on the findings, appropriate empirically based recommendations were developed to ensure an effective functioning of the existing marketing intelligence model. The recommendations were made for local factories, apparel and footwear
association of Georgia, the Government of Georgia, and the vocational educational training providers. These recommendations include investment in a number of targeted training programs at all levels, aimed at closing the gap generated in the light of poor marketing culture. They cover training at the management level to enhance overall marketing, selling, negotiation, and communication skills to enhance the effective functioning of marketing intelligence model. In addition, recommendations were made for technical firm-level assistance for workforce development to eliminate the low-efficiency problems.

The chapter also highlighted research limitations that prevent generalization of the results. Amongst the focus areas were the contribution of the research and suggestions for further scholarly investigation for more in-depth analysis of the issues that emerged from the present research.

Finally, considering all the limitations, the chapter proposed a model with the key focus on strategic application of marketing intelligence to enhance the competitiveness of apparel industry. Pioneering of the proposed model of marketing intelligence utilization practice, borrowed from Turkish factory will enhance the functioning of the existing marketing intelligence model and facilitate the competitiveness of apparel industry in post-Soviet Georgia.

7.7 Proposed model

As seen from the research results, (chapter 5, p.121) the absence of skilled staff and financial resources serve as key contributors to malfunctioning of the existing marketing intelligence model. In the light of scarce skills and financial resources, the role of apparel and footwear association should be increased through the Government support. Since the association currently suffers from the limited financial capabilities, the government should invest in creating a healthy and trustworthy apparel & footwear association serving as a sound bridge between the industry and all related parties. In the absence of strong marketing skills the association needs to create well organized and tailored, strong marketing department that will offer marketing service to all local factories. In the light of economic scarcity, the Government should ensure financial and administrative support for the association in terms of finding the right professionals either locally or globally, who will be able to train staff for the
marketing department. It should be staffed with skilful staff capable of obtaining, processing and disseminating intelligence to adequate factories. It should also support factories in creating an effective networking with the international buyers. Such tailored actions need to involve promotional/selling activities – aimed at increasing awareness of Georgia’s apparel industry among potential investors. In view of the small local apparel market, comprising twelve local factories, this approach is believed to be very cost effective, capable of delivering value in a short time.

Findings of the empirical study resulted in a model of practice characterized by a high degree of applicability. Therefore, the results can be generalized to a larger population of the apparel industry only with the consideration of a particular nature of each factory where the model will be implemented.

The model deems marketing intelligence as a key strategic tool to foster the performance and competitiveness of Georgia’s apparel industry. It can be achieved through eliminating the information gap in the existing model of marketing intelligence and altering behaviour that will lead to significant improvements in the sector and enable practitioners to effectively respond to global apparel industry needs.

The proposed model is based on the practice successfully exercised by 001 Turkish factory’s head office in Turkey, which regularly provides relevant piece of intelligence to a branch (001) in Georgia. As a result, 001 remains informed, flexible and capable of responding to market needs. This, in return, has implication in a higher profitability and consequent strong positioning of the factory. Below is provided the model operating in 001 with the assistance of the marketing department of the head office in Turkey.
Figure 7-2 The standard MI model in Turkish factory 001 with the assistance of marketing department at the head office in Turkey

Borrowing the good practice from neighbouring Turkey and pioneering for the local context, will contribute to effective functioning of the existing marketing intelligence model which will lead to increased competitiveness of Georgia's apparel industry. The proposed model can be generalised in the local context despite the relatively small size of the local factories, since it works effectively in 001 and mostly focuses on the value of effective communication. Implementation of this new model of practice in combination with continuous targeted training will enable local factories to be aware of relevant developments in the apparel
industry, be innovative and flexible, and directly affect the positioning and competitiveness of any industry. In addition, effective communication with VETs will ensure the presence of skilled staff.

Figure 7-3 The new proposed model

The new proposed model integrates the strategic and rational application of marketing intelligence with strategic decisions to enhance the competitiveness of post-Soviet Georgia’s
apparel industry. It can effectively be applied by local apparel industry representatives with the assistance of the apparel & footwear association, VETs and the Government. The new model can ensure the presence of an adequate piece of intelligence for competitive action. In addition, the model will enhance the effective communication between the relevant units not only within the factory but externally as well. The new model is of high importance for the Government of Georgia which is trying to facilitate the development of a once thriving Georgia’s apparel industry.

The proposed new model was delivered to the apparel and footwear association and several industry representatives for consideration and was received with approval. Borrowing the good practice from the neighbouring Turkey and pioneering in the local context will contribute to effective functioning of the existing marketing intelligence model.

Lackman & Lanasa (2013) studied the value of strategic marketing planning tool for SME’s. The study results showed that nearly three-fifths of studied companies supported the value of marketing intelligence systems in terms of contributing significantly to tactical and strategic decision making (Lackman, Lanasa, and Saban, 2000). However, small and medium enterprises (SME’s) traditionally have neglected this partly due to the cost and the complexity. In case of Georgia, these are relatively small factories unable to finance big marketing departments. Therefore, the short term solution will be the assistance of the apparel and footwear association by serving as a competent marketing department for all factories. However, over time with the surge of local market and the development of global apparel industry the factories themselves will need to ensure strong marketing team in their factories capable of dealing with the competitive intelligence effectively.

7.8 Suggestions for further research

In the light of multiple determinants of competitiveness, the present research focused on marketing intelligence as a strategic tool for enhancing the competitiveness of post-Soviet Georgia’s apparel industry and a catalyst for growth in the 21st century. As discussed in the present study, adequate literature review revealed various authors sharing the common idea of
the importance of integrating marketing intelligence into core business as a way to remain proactive and be strategically placed within the market.

The proposed model rests on the concept that a strong presence and rational application of marketing intelligence positively affect competitiveness of the apparel industry. Further research arising from this study include identifying the necessary modifications within the existing model of marketing intelligence to fit developing countries with low level of marketing culture. The present research considers some factors creating gap in the existing marketing intelligence model. However further research into the model will significantly facilitate full realization of the potential existing in Georgia’s apparel industry. The further research needs to focus on the following aspects:

- Further research can be carried out to analyse how the proposed model of practice can be adjusted for implementation in other industries.
- The conceptual model within the present research assumed 6 main themes affecting the functioning of the existing marketing intelligence model. However, in developing post-Soviet Georgia, there could be more factors affecting the functioning of the model that can be considered in future by scholars.
- For those scholars interested in the field of motivation, there is a need for a closer investigation of the management’s involvement in staff motivation in Georgia’s factories. To what degree is the presence and performance of staff appreciated and to what degree they get continues support from management.

The present research highlights some factors that drive the creation of a competitive apparel industry in developing countries with the emerging market, leaving room for more research in this area. This was an attempt to encourage specialists to tailor approaches and incorporate possible behavioural changes to foster the development of the apparel industry (Katigbak et al. 2015).
7.9 Overall outline of the thesis

The present research focused on the strategic use of marketing intelligence in relation to the apparel industry with the aim to investigate the reason for the malfunctioning of the existing marketing intelligence model in post-Soviet Georgia. The research process revealed several hindering factors that affect the smooth functioning of the model: a) ineffective communication at all levels; b) slowly developing marketing culture in Georgia; 3) less business oriented internal structure; and 4) the absence of relevant skills. Amongst many ailing factors is the still predominant post-Soviet mindset that affects the right perception of the value linked to marketing intelligence and hinders the quick adaptation to developing global apparel industry needs.

The present research is the extension of Georgia’s apparel industry assessment made by the USAID EPI-Georgia project in 2011 and further exploration of issues affecting the development of Georgia’s apparel industry. However, the previous report centred on general issues preventing the effective functioning of Georgia’s industry rather than on specific topic. Among the previously detected weaknesses were weak marketing background and shortage of skills. However, the researcher investigated in more detail and in addition to already identified factors added other factors, and studied them in the context of post-Soviet Georgia with the consideration of particular characteristic expressed in post-Soviet mindset.

The comparison of two factories 001 and 002 empirically supported the notion that with the rational application of marketing intelligence the competitiveness of the apparel industry can be enhanced. In support of this idea, the researcher developed empirically-validated cost-effective model of best practice which integrates the strategic application of marketing intelligence with strategic decisions to enhance the competitiveness of post-Soviet Georgia's apparel industry. The model envisages full dedication of the apparel and footwear association to becoming a bridge between local apparel industry and global apparel market with the key focus on ensuring strategic management of relationship for improved positioning of Georgia. The model can effectively be applied by local apparel industry representatives with the purpose of improving strategic positioning both at the international and local markets. However, the implementation of
this model requires full endorsement of the Government and the financial institutions to facilitate the apparel sector development.

The findings of the present empirical study leads to proposing a new model of practice focusing on an improved perception and better understanding of marketing intelligence, and the value of its rational application in terms of increasing competitiveness of the apparel industry. Most importantly, the research coincides with the Government's effort to foster the development of the apparel industry; therefore, the research results and proposed new model of practice will have positive influence on the apparel industry advancement.

In addition, the closer look at the existing model increases consciousness of the weaknesses of the existing model and encourage scholars to look deeper into the marketing intelligence model and develop alternative approaches to make it operational for developing countries.

The proposed new model was delivered to the apparel and footwear association and several industry representatives for consideration and was received with approval. Borrowing the good practice from the neighbouring Turkey and pioneering in the local context will contribute to effective functioning of the existing marketing intelligence model.
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Respondent A 001

Date of the interview - April 27, 2016 and May 8, 2016. (Combination of 2 interviews)

1. *Anonymised company ID (for Researcher’s Use) 001 - (A)*

2. *The age and education of the manager: 46*

3. Number of employees? Around 300, 1 director, 1 deputy director, 1 chief accountant, 4 technical designers, 8 quality controllers and 250 sewers out of which 10 are back up staff.

4. *Number of female/male employees: F - 600; M - 1 manager*

5. *Do you operate only at the Georgian market? If not which other markets do you serve?*

Our parent company is in Turkey. We produce for the head office in Turkey, from Turkey our product is distributed all around the world.

6. *How does your organizational structure look like?*

We have a director, then chief accountant and line managers supervising the sewers.

7. *Who are your major clients (are they local buyers, global buyers or both) (buyers are referred to those placing orders in the factories)?*

Marks & Spencer, Zara, Mexx, Next, George, Tommy Hilfiger.

8. *The number of contracts with the local buyers/ international buyers?*

Currently we have a huge order from M&S, in general, M&S is our constant client.

9. *Is the remuneration system same for the management and for the factory sewers, since in some factories sewers have hourly remuneration system rather than monthly fixed salaries?*
The administration has fixed salary the rest get hourly payment; the hourly payment also varies depending on the complexity of the item. E.g. coat is more complex than simple shirt therefore hourly payment is different for their producers.

10. What is average salary for sewers per month?

600-800 Gel per month, we are having above the average salaries.

11. How many lines do you have? 8 lines

12. Are they cross-trained?

Yes- cross training is essential to avoid delays and waste of time.

Questions on challenges

13. In your view what are the major challenges within the local apparel industry?

There are too many challenges. This sector is being developed now. As you know we always have the shortage of relevant skills/ workforce, in addition, sewers efficiency is very low, as a result, factories suffer from high wastage of time, another challenge is outmoded thinking and attitude, the absence of apparel association, the absence of adequate training centres. Since we are mostly recruited by women, the turnover is high for various reasons such as: pregnancy, this turnover is especially pivotal in Adjara region, where women try to find seasonal jobs (especially in summer, like in cafes, hotels etc.) which are hefty especially in summer time due to being one of the key tourist destinations in Georgia.

Apparel is a buyer - driven industry, with low entry barriers. Therefore, maintenance of the competitive position is directly hinged on beneficial networking and linkages with buyers/clients. It refers to both local and international buyers. In that regard marketing culture, strong sales skills, customer focus and communication are key inputs for reinforcing the strong positioning”.

14. You mentioned the association, how it can help local factories?
Usually, associations act as the major bridge between the factories and the clients/potential markets. In other courtiers it also facilitates the development of the sector by ensuring all relevant inputs to the apparel industry such as: communication with buyers/buyers, adequate trainings for sewers, negotiation with the Government to facilitate the sector development, and linking all relevant parties within the apparel industry. In Turkey Apparel Association is the strongest.

Most importantly the apparel association supposed to be collaborating closely with the training centres and consequently designing special, very pinpointed trainings. The existing programs are not suitable therefore all factories have to train new employees during the job I mean we provide on-site training.

15. As we all know no raw (required for the apparel production) is produced in Georgia, therefore factories have to look for the best suppliers from neighbouring courtiers, where do you source the required material?

Our parent company is in Turkey. Turkey is the key producer of all raw, even other courtiers come to Turkey for raw, therefore our parent company supplies us with all required raw.

16. How do you evaluate the absence of the local production, what are the implications of its absence within the local apparel industry?

I can be very short, it increases production cost, local manufacturers have to buy everything from other courtiers that significantly increases costs.

17. What do you think about the marketing culture in our country? What is the relevance you assign to marketing culture?

Marketing culture is very poor in Georgia. For our Turkish management initially, that was a shock. Despite the fact that, this general problem for Georgia, does not create major challenges for us due to being a daughter company of one of the big Turkish apparel factories where marketing culture is thriving, still, initially, we did have problems. As you know staff is local in our branch and they did have problems in understanding many marketing related topics such as: why we needed to immediately respond to clients’ needs.
and shift to completely different production even with a short notice, why we needed to be in touch with the head office be updated on daily basis on any news etc.

However, in general, poor marketing culture in Georgia creates serious problems not only in apparel but in all fields. In apparel industry being customer oriented and market oriented is a key for success. Therefore, most of the challenges existent in Georgia, like shortage of required skills, communication with the clients, poor customer service etc can be attributed to developing marketing culture.

Questions on information gathering /marketing intelligence

18. What are the sources of getting information?

Our parent company is ATK textile in Turkey. Hence our head office provides us information, where marketing manager is responsible for gathering, processing and disseminating adequate information. We are simply performing duties, assigned to us by the head office. The marketing department of our head office deals with R & D, market analysis, trade fairs, competitors’ analysis. They provide industry news on weekly basis. We are constantly monitored and instructed by the marketing department in the head office in Turkey.

We mostly deal with the brands that don’t change requirements too often, however, sometimes we need to adjust to changes fast. Information even on minor changes is considered by the marketing department in the head office in Turkey and delivered to us to which we need to respond within the set timeframe.

19. How do you understand marketing intelligence?

Information obtained from various sources that help businesses to plan strategically and hence operate efficiently and meet market demands.

20. How often is intelligence updated?

Marketing department in head office is involved in R & D, market analysis, trade fairs, competitors’ analysis. They provide industry news on weekly basis.
if we are working on a new model order from our client we exchange information every day.

21. How often do you have staff meeting?

If required communication happens every day, staff meetings are held once a week, sometimes twice a week. If the factory is dealing with the new client or massive order communication happens on daily basis, management has meeting with line managers very often. Management believes this is the best way of ensuring the long-term beneficial relationship with clients, therefore, all efforts are allocated adequately. As a result, the local staff remains knowledgeable, more flexible and most importantly more responsive to market needs under the Turkish supervision.

22. As you said you don’t have marketing manager here, since marketing department in the head office is responsible for this?

Yes, true. Our marketing department in head office is responsible for processing and disseminating information on the market/ on products / on new developments within the global apparel industry. If the factory is dealing with the new client communication takes place on daily basis with the head office through Skype or other tools, in order to maximize the compliance with the clients’ requirements. Local factory manager communicates with the line manager quite frequently to ensure smooth line operation.

23. I want to elaborate on the term - "marketing intelligence model" and get your opinion on it. Here we refer to marketing intelligence model, as an intelligence application model which seems to be weak within the local apparel industry due to apparent information loss or distortion resulting into the poor response to global market needs.

Despite the fact that we don’t suffer from the shortage of intelligence, I know many factories in Georgia facing this problem. Indeed, this is very important practice of applying relevant information and integrating it into every aspect of the business. This so-called model facilitates to timely response to market needs. Today we live in the changing environment where demand for high-quality apparel is rising and more and more competitors appear on stage.
Overall, the apparel industry is the most sensitive, since trends and fashion keep changing and consequently those involved in the apparel industry particularly need information on these changes.

24. *How can you describe the effective marketing intelligence model? To what degree it has the influence on the competitiveness of an industry? (application of MI)*

We have a very effective model. I can say that we never had problems due to the poor dissemination of intelligence. Information is always updated on time from our head office. Even here our manager keeps the whole staff constantly updated on any news and changes in clients’ requirements. And this is vital since when a change needs to be introduced it does not refer to only sewers, but the whole staff. This creates big unity within the company and the sense that all employees are equally important for the achievement of success. In our case, and in general in apparel industry case, competitiveness depends on how fast companies get updated on new market requirements and how fast staff and sewers adjust to clients’ new requirements. Here I refer to flexibility and ability to respond to changing orders rapidly and effectively with the aim to keep the long-term relationship with the clients. We are doing this effectively, there are some brands collaborating with us for more than 8 years.

In general, the more you are producing for big brands, the more you become competitive. I mean competitiveness of apparel factory depends on flexibility of staff at all levels and ability to follow and meet clients' changing requirements.

25. *What do you think to what degree the effective marketing intelligence model can improve positioning of local factories both at the local and global markets?*

I just answered that question, effective marketing intelligence model not only improve positioning but serves as the basis for success and competitiveness in the apparel industry.

26. *In your view what can be the implications of integrating marketing intelligence into a decision-making process?*

Out Turkish management always integrate marketing intelligence into a decision-making process. I just mentioned, due to being characterized by fast trend and style change, all
strategic decision in the apparel business must be based on updated marketing intelligence. Therefore, the so-called marketing intelligence model serves as key input for apparel business. In addition, it helps to minimize the error and increase the satisfaction of clients.

27. In your view what are the circumstances hindering the effective functioning of the existing MI model within the local apparel factories?

As we said marketing culture is being developed in our country which a key hindering factor. Some factories don’t understand the following key points like:

- The importance of being customer oriented,
- The importance of adjusting yourself to customers’ requirements and
- The importance of being flexible in responding to customers’ needs

Hence such factories won’t be able to ensure the effective functioning of the so-called marketing intelligence model.

28. Do you believe that post-Soviet mindset (the old Soviet way of thinking expressed in unwillingness to follow new competitive market requirements that claims the presence of a strong strategic and marketing planning with the focus on customers) is still prevailing among the apparel industry representatives, especially among relatively elderly managers that prevent the successful development of the sector?

In some cases, the mindset contributes to being organized and in our business being organized provides the foundation for success. In most factories the management is Georgian with the so-called post - Soviet mindset, consequently priorities are not well considered, factories are less organized, they can deal with small orders, but dealing with the big brands requires companies to be organized and appreciate the value of timely performance with the minimum waste.

Due to strictly fixed mindset some managers remain stuck in the old style of thinking that deprived them of the ability to evaluate market needs and consequently adapt to the new
environment. And in our business profitability is directly related to the number or contracts made with the clients and the volume of orders.

29. You mentioned that priorities are not considered within the local apparel industry, what priorities need to be observed?

Under the priorities I mean several aspects missing here such as:

- Adequate investment in staff training to increase efficiency
- The importance of tracking down information to respond to market needs and changes
- Investment in health and safety rules and regulation, including the safe design of the factory.
- Investment in machinery
- Investment in educational trainings to change the mindset of management etc.
Respondent A 002

Date of the interview 2016-05-22 and 2016-06-06 (Combined 2 interviews)

The interview site: Factory

Questions on the factory/employees/clients

1 Anonymised company ID (for Researcher’s Use) - 002 – A

2 The age and education of Executive Director: 36. Economic education

3 Number of employees? - 300

4 Number of female/male employees: F – 298; M - 2 (one executive director and one sewer)

5 Do you operate only at the Georgian market? If not which other markets do you serve?

Mostly we operate at the local market, at the moment with 3 contracts with the Ukraine.

6 How does your organizational structure look like?

We have Executive director – and two deputies on in financial issues the other one in manufacturing issues and then come line managers supervising the sewers. We have

7 Who are your major clients (are they local buyers, global buyers or both) (buyers are referred to those placing orders in the factories)?

As I said our major clients are various local organizations in need of special uniforms, these are hospitals, hotels, fire-fighters, etc. all those companies in need of special uniforms. As for Ukraine they also placed an order on special uniforms. However, we don’t specialize only in uniforms.

8 The number of contracts with the local buyers/international buyers?
Local on average term 5-6 contacts per year, initially we had 2 contracts with Ukraine now we are having more contracts with the Ukraine and 2 contracts with Turkey. But all contracts are short term contracts. However, dealing with the international clients is a good lesson for.

9 As I know from my experience most factories prefer local market, why?

As I mentioned we have regular orders from those companies looking for uniforms. This is the case with most of the local factories. As a result, all factories, including ourselves, specialize in uniform production that facilitates our job and enables us to deliver an order in a shorter time with the high quality of performance. Actually, local orders are easier to perform compared to dealing with the brands therefore, most of the factories prefer local contracts. I can say that some local factories created comfort zone by taking orders from the local clients, hence moving to the international buyers will be stepping out of the so-called comfort zone, that require adjustment and fresh approach which is less appreciated among relatively elderly managers.

10 Why are local orders easier?

Local orders mostly comprise of uniforms. Once sewers get used to one style, which is uniform, they master the production of the similar garment and need less time for the production. In other words, they produce more similar items in lesser time that significantly reduces production costs. It reduces our expenses since sewers get paid hourly and we get paid by our client based on the quantity of delivered pieces of apparel.

In addition, uniforms are mostly identical, with less complex design and easier to prepare technically that require fewer skills.

11 Is the remuneration system same for the management and for the factory sewers, since in some factories sewers have hourly remuneration system rather than monthly fixed salaries?
Management has fixed salary, workers are paid hourly, and the rate is different according to the complexity of the garment since all parts of the apparel are characterized by different complexity.

12 What is average salary for sewers per month? 300-500 Gel per month

Questions on challenges.

12 In your view what are the major challenges within the local apparel industry?

There is a big gap in marketing culture, in understanding marketing principles and in communication/negotiation with the potential buyers. Local apparel factory managers don’t invest in visiting apparel fairs to be updated on trends, quality even prices. From my experience I can say that the more you visit trade fairs, the more you have bargaining power with the suppliers. And this is important in the absence of the local raw production.

Another big challenge is the absence of support from the financial institutions and weak support from the Government. Most of our factories are in need of taking loans from the banks in order to buy raw material to fulfil clients’ orders. However, instead of encouraging the sector development, the interest on loans is so high that most of the factories fear the risk of turning insolvent and consequently remain without orders. So, the Government needs to introduce some regulation to stimulate the sector growth and allow special low interest on specific loans aimed at facilitating the local apparel industry growth.

In addition, still prevailing post-Soviet mindset creates severe problems at all levels, local managers including some employees want the maximum output with minimum input and reveal resistance to even minor changes that deter the development of the local industry. Most importantly these managers with post-Soviet mindset are left in times when bribery was the key tool for obtaining a new contract with the local buyers. Today, this trend is fully eliminated, corruption level is zero in our county, bribery no longer is the solution to problems, today even local buyers are mode demanding, requiring quality and strict observance of deadlines. The only way to meet the sophisticated clients’ requirements is
being customer oriented, which is missing in our country due to weak marketing background.

In addition, the absence of the effective practice of using intelligence due to lack of adequate skills (which you call MI) hinders timely identification of market requirements and consequently our response rate is much lower compared to other low-cost countries. We are small market comprising just twelve factories only now several more Turkish factories' launch is planned that won't change the picture significantly. We can't really call it competition we'd rather be working together through the association, however, the association is not strong enough. The association must be in charge of obtaining relevant intelligence and disseminating it among the factories since most of the factories don't have marketing managers and most of them can't really afford having very experienced marketing managers due to the absence of sufficient funds. in addition, they provide value-enhancing communication with buyers/clients, adequate training design for sewers, negotiation with the Government to facilitate the sector development, and linking all relevant parties within the apparel industry. All these major duties of the association are missing in the local industry hence creating big

13 As you mentioned no raw (required for the apparel production) is produced in Georgia, therefore factories have to look for the best suppliers from neighbouring courtiers, where do you source the required material?

We source from Turkey and Kiev, sometimes even china but china seems to be expensive for us due to transportation expenses.

14 Do you source material from open markets or make an order, based on specification? Based on specifications

15 How do you evaluate the absence of the local production, what are the implications of its absence within the local apparel industry?

The absence of the local production significantly increases general apparel production cost therefore even local companies sometimes prefer placing an order in other low-cost courtiers like China. If we had a chance of reducing production expenses with the
application of local cheaper raw, it would have increased our orders and even more, it would have attracted many other brands. Today brands prefer placing orders in the courtiers where raw is produced such as India, Bangladesh, China. When putting orders here in Georgia brands simply outsource labour nothing else.

16 You mentioned post-Soviet mindset. Do you believe that post-Soviet mindset (the old Soviet way of thinking expressed in unwillingness to follow new competitive market requirements that claims the presence of a strong strategic and marketing planning with the focus on customers) is still prevailing among the apparel industry representatives, especially among relatively elderly managers that prevent the successful development of the sector?

It has devastating impact, creating more resistance to change, more resistance to investing in relevant re-equipment or re-training of sewers in order to meet the growing demand of rapidly changing global apparel industry in the light of harsh competition from other low cost courtiers like India, Pakistan, Bangladesh etc. and most importantly it has negative implication in working culture.

17 What do you mean in working culture?

Culture, in general, is very important, since it either strengthens or undermines the business. In our culture we have many negative aspects such as inflexibility in decision making, poor communication at all levels, being late at job, not fully dedicated to the job. Myself as an executive director I’m giving them bad example. We seem to lose the value of time, and the concept that time is money especially this is apparent in our business.

In addition, our factory and many other factories have been visited by the USAID apparel experts and they identified the poor presence of health and safety regulations, such as nobody is wearing chain gloves for cutting and protective eyeglasses in some cases etc. The absence of relevant signs at workplace, what people place at their desk, how they allocate space, how common areas are used – all these factors are key for the apparel factory.
18 *What do you think about the marketing culture in our country? What is the relevance you assign to marketing culture?*

It is being developed, the situation was worse like 5 years ago, however, the influx of various brands slightly changed attitude of clients, making them more demanding that requires vigilance of producers. In that regard indeed, we need to be more market oriented, improve marketing culture, get intelligence on market requirements and trends to create more beneficial market linkages and get more orders.

**Questions on information gathering /marketing intelligence.**

19 *What are the sources of getting information on market/ new product requirements?*

As I mentioned our major clients are the local companies looking for the uniforms, therefore due to small size of the local market with the limited number of key players, I mean factories, we learn mostly from competitors. However, export activities require more accurate and sophisticated information, in that regard currently due to absence of marketing manager, I myself go to trade fairs, obtain information from the apparel industry reports and journals but mostly the most effective way of obtaining information is trade fairs.

20 *How often acquired information on markets and products is updated?*

We update information on markets and products once in 3 months or even 6 months, which I know is not enough but we will hire marketing manager in future and this problem will be sorted out. When we had a marketing manager, she was looking for different sources of obtaining fresh intelligence like journals, magazines, industry reports etc but now with the absence of marketing managers, we have serious problems in that regard. However, currently, I can't afford to hire marketing manager due to shortage of finance. I myself go to trade fairs, obtain information from apparel industry reports and journals. However, I can’t afford to go many trade fairs often and more over can’t trust others who can go for me

21 *So you don’t have marketing manager?*
Not at this moment, but we had before. Currently, we can't afford, most part of our profit is needed for salaries of employees. You know this is the state factory therefore, can't keep sewers without timely payment.

22 Is that the case with other local factories?

Indeed, our factories can’t afford to have marketing managers.

23 Who is responsible for processing and disseminating information on market/ on products / on new developments within the global apparel industry?

As I said we don't have marketing manager therefore, I’m responsible for obtaining information on market/ on products / on new developments within the global apparel industry. Being executive director of the factory with 300 employees requires lots of efforts leaving less time for constant upgrading and disseminating of information.

24 I want to elaborate on the term - “marketing intelligence model” and get your opinion on it. Here we refer to marketing intelligence model, as an intelligence application model which seems to be weak within the local apparel industry due to apparent information loss or distortion resulting into poor response to global market needs.

I completely agree with your statement. This is unfortunately true even in my case. When I gather information from various sources like trade fairs, report etc. it needs to be processed. I as an executive manager, have many other things to do, therefore intelligence processing is left aside. Moreover, in my factory, despite being one of the strongest factories, we do have absence of skills required for information process. This supposed to be done by the marketing manager. I should admit that due to poor marketing background it will be difficult to find the right person. In general, I totally agree with you. Marketing intelligence model – is the practice of intelligence application that greatly facilitates information filtering, dissemination and application that helps to be proactive and responsive to changing market needs. However, due to weak marketing background and underestimation of marketing intelligence the practice of model is faulty. All local factories suffer from poor understanding of the relevance of marketing intelligence. There
is also big problem of communication as well that hinders the effective functioning of the model

25 As I guess when you had marketing manager, you had access to relevant marketing intelligence; did you integrate that information into a decision-making process? Did you have marketing manager in 2011; 2012; 2013?

Yes, we were performing better only at the local markets. We were more flexible in responding to buyers’ needs, having intelligence allowed us to look for various alternatives in terms of finding the raw suppliers that significantly reduced our expenses.

26 As for integration into a decision making, to a certain degree we were integrating otherwise we would have lost the clients. However, to be fair I can’t say that all decisions were based on intelligence. Theoretically, it is valuable and implementation requires presence of skills which is in shortage within Georgia's apparel industry. We didn’t have manager in 2011-2012 we had in 2013 till mid-2014.

27 In your view what can be the implications of integrating marketing intelligence into a decision-making process?

It has implication on Strategic decision making leading to long-term contracts, improved positioning, successful market linkages and indeed higher profitability that every business needs. The management will be able to take more rational decision, make right investment. In one word will greatly facilitate the apparel industry development. If you want me to go into more details I can say that one of the key ways for obtaining relevant intelligence is visiting trade fairs, as a result of frequent visits the factories can get many benefits like:

- Reinforcing the existing linkages and establishing new market linkages
- Finding new buyers/clients and suppliers, since we don’t produce anything having alternative options for the raw suppliers is of vital importance that significantly increases out bargaining power and reduces our expenses.
- Will assist the sector development
• More strategic actions will improve our positioning – and this is very important because Georgia's apparel industry has huge potential, we do have skilled people in need of training in order to achieve the desired outcome.

28 How can you describe the effective marketing intelligence model? To what degree it has influence on the competitiveness of the apparel industry?

Effective Marketing intelligence model - as we noted it is a successful practice of obtaining, processing and using relevant piece of information on time in order to be proactive and respond to changing market needs and challenges efficiently on time. It is directly related to the competitiveness of industry since in my opinion the absence of relevant information triggers consequent absence of input required for increased competitiveness of the apparel industry. It has significant impact on the competitiveness of any industry and especially for the apparel since apparel industry is characterized by being the most varying and demanding industries. And the reason is that clients/buyers become more and more demanding every year and hence effective collaboration with them can’t be achieved without being constantly updated on trends, tastes, tendencies and requirements of the market. For the apparel industry, the competitiveness hinges on successful implementation of strategies, which is supposed to be designed based on acquired intelligence.

29 To summarize what you said - what is the key input to effective MI model in your opinion?

In my view, as I mentioned smart strategies based on evaluated and selected piece of marketing intelligence, skills, attitude. However, effective marketing intelligence model can’t be created only by manager; changes must be introduced in the whole chain, at all levels starting from the top management to the lowest position within the factory. It considers skills improvement, changes in the working culture, post-Soviet mindset, Government support and attitude of financial institutions by allowing wobbling factories enjoy cheap loan for revival and sector development. And most importantly it considers change of employees’ attitude in order to appreciate the value of time.
30 What do you think to what degree the effective marketing intelligence model can improve positioning both at local and global markets?

With the consideration of the definition of marketing intelligence model, it will enable companies to improve positioning first at the local market. As you know some factories are more flexible including our factory, whereas we have few factories in Georgia with extremely inflexible management, hardly meeting simple needs of the local buyers due to deeply rooted old Soviet style rigid rules and attitude. This situation makes some local clients/buyers reluctant to place orders locally, they prefer placing order in China, since Chinese labour force is considered very flexible and rapidly adapt to changes.

With the adequate marketing intelligence model, we will be able to improve positioning first at the local market by being more flexible and responsive to both local and international clients’ needs and by further upgrading our skills at all levels we can improve positioning in the global apparel industry as well.

We currently face an opportunity to turn into a manufacturing hub due to rising costs in China, in addition, recent fire accident at the sewing factory in Bangladesh forced many brands to look for other outsourcing opportunities.

31 What do you mean under the Soviet style rigid rules?

I mean simple thing, we are looking for clients and if we want to build the long-term relationship with the clients, we have to adjust our working style and regime according to client's requirements. This includes the whole package comprising the followings: high-quality performance and delivery of order within the timeframe set by the buyers/clients with the minimum faulty products. (I mean once the order is ready quality controller checks each item and removes the faulty ones, that don’t comply all the quality requirements) This, in turn, hinges on the presence of adequate skills in combination with the healthy working environment with operable modern sewing machines and relevant working culture.

32 What are the circumstances hindering the effective functioning of the existing MI Model?
Marketing is being developed in our country, we underestimate the importance of marketing intelligence, hence face poor marketing culture, also absence of skills for processing relevant intelligence, (we don’t have sufficient funds to train them) working culture and post-Soviet mindset. Mostly, the key contributor in my personal opinion is the old, post-Soviet mindset which triggers the wrong attitude, revealed in managers’ desire to get maximum output in a short time with minimum input.

We all know how well the Turkish factories are operating in Georgia and more Turkish invested factories will be opened in our country due to favourable location of Georgia and low-cost utilities. However, the working style and working environment are also different. We did have several experts in our factory, including your experts from USAID, they all noted that the significant changes must be introduced at all levels starting from skills, management, mindset, the way factory is set etc.

33 You mentioned Turkish factories can you elaborate more on the benefits they enjoy?

In general, the apparel industry in Turkey is thriving. For the last ten years, they did miracles. With the assistance of the Government, in combination with low taxes and unique working culture they have turned into a major apparel manufacturing hub. However, with the rising prices Turkey successfully selected beneficial destination for outsourcing in Georgia. Currently, they have two daughter companies in Georgia in Adjara – black sea region.

We all know that the local, Turkish invested factories are doing really well in Georgia. By being a neighbouring country, Turkey must have evaluated the real picture, in terms of still dominant post-Soviet mindset and therefore management is consisting of Turkish representatives that completely change the working culture in Turkish invested local factories. They strictly observe working hours and time for lunch break; strict working rules in terms of meeting the daily target, all employees are having on-site trainings before engaging into the line work. (Line – all factories are consisting of lines). Each line performs assigned duty. I mean different lines deal with different parts of the garment which add value to the whole process. They are all cross trained, can deal with the different part of the garment which reduces waiting time in case of a personnel’s absence.
34 Don't you have on-site trainings for a new employee?

We have it too. But implementation of normal working hours is hard in my case. I'm doing my best to change it, however, can’t pressurize workers too much due to fear of losing them and you know finding adequate labour is tough in.

35 And finally to summarize - What is the input to competitive Georgia’s apparel industry

As I mentioned smart strategies based on intelligence, efficient labour- skills, contemporary machinery, healthy working environment and working culture, innovative and supportive management, support from the Government by providing adequate staff trainings, allowances, temporary exemption from taxes in an effort to facilitate the sector growth and support from the financial institutions by offering affordable bank loans.
Respondent B 002

Date of the interview   2016-05-29 and 2016-06-07 (Combined 2 interviews)

The interview site:  Factory

Questions on the factory/employees/ clients

1  Anonymised company ID (for Researcher’s Use) -  002 B

2  The position of interviewee: Deputy Director

3  The age and education of the manager:  30. Designer /Art

4  Number of employees? - 300

5  Number of female/male employees: F 298. M 2 (one executive director and one sewer)

6  Is the remuneration system same for the management and for the factory sewers, since in some factories sewers have hourly remuneration system rather than monthly fixed salaries?

The administration has fixed salary the rest get hourly payment, the hourly payment also varies depending on the complexity of the item. E.g. coat is more complex than simple shirt therefore hourly payment is different for their producers.

7  As I know from my experience most factories prefer local market, why?

Most factories, including ourselves, constantly take part in the state tenders. In other words, the state is the key buyer for the local factories. As you know state orders comprise of less changing styles, mainly work uniforms or simple style garment in small quantity that does not require too much skills and too many different machines. Our factories, with the existing shortage of skills and low capacity, prefer focusing on simple orders. Even in our case, despite the fact that we are characterized by relatively high capacity compared to
other factories, we still face the problem of mass production due to the shortage of adequate skills. I know we need to re-train our sewers but unfortunately, financial condition does not allow us to invest in staff re-training. Even if we decide to train staff we will have problems finding the right trainer, who will be able to train our staff”.

8 When you hire a new person how do you train them?

We provide on-site training, this proved to be the most effective way, rather than taking trained sewers from the training centres. (Mistrust in training centres).

9 In your view what are the major challenges within the local apparel industry?

I will review general problems in the apparel industry and not only in our factory, these are:

- As I have already mentioned there are inconsistent training programs offered by training centres.
- Lack of adequate equipment. e.g. among the local factories only a few are having automated equipment for making pattern layouts, including our factory, that significantly reduces costly fabric waste by up to 15% over hand-made layouts for cutting fabric. Hence, the presence of such equipment would be valuable for all factories.
- Low efficiency of sewers. Due to low-efficiency factories, including our factory, face issues in high quantity production which is characterizing for the international brands. However, the trend shows that countries with high production capacities and the ability to produce in high quantities are likely to be preferred by buyers/clients.
- Most factories generally appeared to be socially compliant on safety and workplace conditions and most importantly none of us use child labour. However, the level of safety must be increased. Today, social compliance is not a competitive advantage, but a must-have ticket for entering the global market. This is particularly severe issue in shoe factories in Georgia. (HSE – health, safety and environmental issues).
• Factories lack technical designer who prepares technical specifications commonly referred to in the apparel industry as tech packs. Technical design skills are value-added skills essential for industry development.

• Limited access to finance. To be more precise we do have access to finance but terms are very unfavourable for the factories. The Government must intervene and regulate banking rules to make affordable loans for manufacturers in order to facilitate the development of the manufacturing industries in Georgia. It does not refer to only apparel but other industries as well.

• Workforce attitude. You know the saying attitude determines altitude. I have a feeling that workers don’t want to make themselves experts in their field to create a value in experience. I can’t see the willingness to absorb more and get promoted despite the fact that in our factory this is possible. When you master skills and get involved in complex garment production your salary can be increased. This is more to deal with the culture I think, and reluctance to leave the comfort zone.

• The absence of marketing culture that creates significant problems at all levels.

• Changing Customer – as customers have wider access to the internet and other sources of information, brand loyalty loses meaning among the customers. Therefore, competitiveness in the apparel industry is dependent on the package we offer to clients, including: quality product, acceptable terms of delivery and flexibility.

• Despite the fact that labour and utility are relatively cheap, Georgia's apparel industry can’t compete based on cost alone. We need to offer the whole package

• Shortage of domestic mass-market brands that greatly facilitate the creation of the stable apparel industry. But this was attributed to poor perception by Georgians of domestically produced apparel which has been changed for the last two or three years.

• Ethical problems. There are some brands having their own “code of conduct” with which they want all their partners to comply. This encompasses the issues such as: safe working conditions, HSE - workers’ health and safety and environmental safety, minimum wages, maximum working hours and allowable overtime.
10 How do you evaluate the absence of the local production, what are the implications of its absence within the local apparel industry?

Indeed, the absence of in-house production increases general production costs, affects delivery time as well. As you know, all of us, we need to buy raw from Turkey, sometimes buying and transportation takes longer than planned that affects the delivery time. Frustrated customers can easily shift to other factories, since in terms of competition most of the factories are at the same level, with the exception of several factories. Therefore, we face the danger of easily losing customers unless quality and delivery terms are fully met.

11 Do you believe that post-Soviet mindset (the old Soviet way of thinking expressed in unwillingness to follow new competitive market requirements that claim the presence of a strong strategic and marketing planning with the focus on customers) is still prevailing among industry representatives, especially among relatively elderly managers that prevent the successful development of the sector?

Unfortunately, this is the case, our manager is young and flexible and this is not a problem at the management level. However, I can say that some of the sewers in our team suffer from the so-called post-Soviet mindset. When I early mentioned the challenges I referred to workers’ attitude, this is exactly what I meant. Apparel is the most fashion-driven industry with rapidly changing styles and designs, even in our simple orders we need to change elements that require sewers' full dedication and willingness to master some innovation. Innovation is always associated with extra workload that for relatively old employees is the least desired process. You might ask me why we are keeping these people, first of all they have been in the factory for many years and second most painful problem is finding young sewers. In the light of high unemployment rate, youth is less attracted by factory job. They prefer working with the fashion designers than in the factory. Hence we have to keep our employees.

Unfortunately, this so-called post-Soviet mindset affects the whole apparel industry and it has implications in the absence of strategic labour force, poor marketing culture and in some cases even contributes to complete failure of the factory due to management’s wrong attitude.
12 Since you mentioned marketing culture, what do you think about the marketing culture in our country? What is the relevance you assign to it?

It is being developed. The competition itself will force us to be more customer-oriented and integrate more marketing tools for survival. Marketing culture development in our country can be compared to building huge construction, where several bricks have been put which is not enough, we all have to understand the importance of marketing culture as a way of survival.

13 You don’t have marketing manager, how to do evaluate this fact?

Despite the fact that our manager is very flexible and smart thinking, trying to absorb information from various sources, attending different trade fairs etc still we could have performed much better with modern thinking marketing manager. Simply it is impossible to be executive manager of a factory comprising three hundred employees and in the meantime act as marketing manager who is in charge of obtaining, processing and disseminating information. Currently, we manage somehow due to mainly operating in the domestic market with relatively sizable orders from Kiev and Turkey. Once we extend our operation and fully enter the international market the absence of marketing manager will be painfully reflected on our activities.

14 I want to elaborate on the term - “marketing intelligence model” and get your opinion on it. Here we refer to marketing intelligence model, as an intelligence application model which seems to be weak within the local apparel industry due to apparent information loss or distortion resulting into poor response to global market needs.

I agree with your statement. Marketing intelligence model application is very poor in our country. Unfortunately, due to weak marketing culture the benefit of marketing intelligence model is diluted, and this can be attributed to its underestimation and ineffective communication.

15 How can you describe the effective marketing intelligence model? To what degree it has influence on the competitiveness of the apparel industry?
Company with the effective marketing intelligence model must be characterized with transparent connections within the company and effective sharing of information that leads to increased response rate to changing market needs.

16 In your view what can be the implications of integrating marketing intelligence into a decision-making process?

Effective marketing intelligence model has several positive implications in my view:

- It helps companies to be enriched with relevant data to boosts sales and be more competitive.

- It also helps to be predictive and retain/attract more clients/buyers.

- It helps to predict client’s responses to different styles, features etc.

- It makes planning more effective and strategic.

- It assists in better handling of changes and complexities coming from the competitive environment.

- Marketing environment offers new challenges and new opportunities and this can be identified through analysing, mining and evaluating data through effective marketing intelligence model.

- And finally, companies not only need to integrate marketing intelligence into a decision-making process but have to turn marketing intelligence into the foundation for decision making.

17 What do you think to what degree the effective marketing intelligence model can improve positioning both at local and global markets?

It has direct relationship to positioning. As you know local production has been suffering from poor image of quality and most importantly suffered from local prejudice against domestically produced apparel. All this was attributed to limited ability to meet domestic clients’ needs and requirements. Today, thanks to some fresh minded local designers this
positioning has been changed. And the reason local designers managed to change this prejudice is development of social nets where they are in touch with the target group and constantly are updated on client’s changes in taste. The same will happen in terms of massive production. Once factories managed to respond effectively to clients’ needs their positioning will be improved and consequently, they will have more orders from the international buyers/clients.

18 What are the circumstances hindering the effective functioning of the existing MI Model?

As we all witness marketing culture is slowly being developed in our country. Every year new brands are appearing in the market, next year H&M in planning to enter Georgia's market. So with the presence of growing number of brands, customers' thinking, taste, requirements and behaviour are being developed and changed. This requires manufacturers’ vigilance and successful application of marketing tools to constantly remain aware of these changes and consequently respond to target market needs. This can only be achieved through well-developed marketing culture with the full focus on customers. If you look at the local apparel industry players including most of the factories and designers they need more skills for processing information on time. If I just list the problems hindering the effective functioning of the existing marketing intelligence model, it will be as follows:

- Poor marketing culture – as the key problem and the consequent issues are:
  - Poor awareness of market trends.
  - Mining and interpretation of data in time.
  - The absence of customer-focused orientation.
  - Workforce attitude.
  - Communication problem
And finally to summarize - What is the input to uncompetitive Georgia’s apparel industry.

- Post-Soviet mindset.
- Absence of marketing culture/Limitations of R & D.
- Absence of a strong information dissemination mechanisms.
- Wrong work attitude.
- Inconsistent training programs offered by training centres.
- Lack of adequate equipment.
- Absence of strategic labour force/low efficiency of sewers.
- Lack technical designer who prepares technical specifications.
- Weak presence of H&S standards (Health and Safety).
- Poor support from financial institutions/Government.
Respondent C 002

Date of the interview  2016-06-29 (2 hours)

The interview site:  Factory

Questions on the factory/employees/clients

1  Anonymised company ID (for Researcher’s Use) - 002  (C)

2  The position of interviewee:  Line manager

3  The age of interviewee:  35

4  You have 300 employees as I know. How many lines do you have/ and how many people are in each line?

We have 1 executive director, 2 deputies, 4 line managers, 1 technical designer, 2 quality controllers = 10 staff and 275 sewers

We have 4 lines:

1st line – 75 people:

2nd line - 78 people: the biggest line working on more technically complex items

3rd line - 50 people: - the most flexible mostly consisting of relatively younger staff. (age 20-32)

4th line – 72 people:

1 executive director, 2 deputies and 4 line managers

5  Are they cross-trained?

No, they are not cross trained. We have only one line (50) people more flexible and adaptable to change. They are not really cross trained but know more and are willing to
learn more. They are focusing on international orders. The age group of these 50 people is between 20-32.

6  **Do you think only age is the reason for flexibility? And how their attitude is different?**

I can't really blame only age, however, age plays an immense role in terms of accepting the challenges and innovations, especially in the apparel industry. Our sewers specialize in one-line production- uniforms, hence the shift to new challenges and engagement into several lines production is associated with resistance, especially among relatively older sewers. Younger's attitude is more open, willing to get engaged into more complex production and produce high fashion end items.

7  **Why do local factories prefer production for the domestic market?**

All local factories have been producing various uniforms for the domestic market by participating in the Government tenders. Hence, all factories mostly specialize in uniform production and prefer local tenders. They are used to a routine job which is more stable. Our factory has long been producing for the local army as well, so we specialize in relatively complex item production. With the existing capabilities, this is the best option. Also, orders of domestic buyers tend to be smaller in quantity compared to export-oriented buyers.

8  **What do you mean under the existing capabilities?**

Existing capabilities are not fully suitable for the international market, due to low efficiency. This low efficiency is the key challenge in Georgia’s apparel industry. We have already started performing for the international clients. However, this was a big challenge, we had to re-train our sewers and master new skills and most importantly delivery orders on time. Despite the fact that we specialize in complex items production, our sewers prefer dealing with the same order rather than producing less complex items in high quantity. This is the challenge for all factories not only ours. This can be attributed to the low efficiency of local workers.

9  **When you hire new sewers how do you train them?**
Mostly all our factories provide on-site trainings for all new employees. We seldom hire students from vocational centres. We can better prepare them with the much-focused trainings.

10 As I know sewers have an hourly payment which depends on the complexity of the items. With the low efficiency they get low payment, why are they not cross-trained so that they can perform more, they must be interested in wage accrual?

Indeed, the more they produce the more they get paid, but to be fair elderly sewers seem to be committed to what they have been doing for many years, with less willingness to learn more and get a higher salary. They are resistant to change and innovations. This is not the case with the younger sewers. However, young sewers see more opportunities in other industries and turnover is higher among the youngers. Therefore, we are forced to keep elderly sewers happy. This is exactly the reason why we prefer local tenders rather than orders from the international buyers. But we created new line consisting of 50 people which is more flexible and easily adaptable to change.

11 In your view what are the major challenges within the local apparel industry?

I will review general problems in the apparel industry:

- Low efficiency/ shortage or relevant skills – skills of line operators have major impacts on general productivity of a process. As I said we have four lines, with the available operators of approximately 290, we are supposed to be having more lines for the variety of production, but due to low efficiency we are having just 4 lines.
- Resistance to change especially among the elderly sewers, I have a feeling that we have a unutilized capacity.
- High turnover is also a challenge for the apparel industry
- Outmoded machinery, we updated part of our machinery but more is required. You know we are talking about the low efficiency of the workers. However, not only their efficiency is a challenge but outmoded machinery as well. Let me give you an example cutting is the most value-added process in the apparel industry. To avoid inaccuracy in cutting there is a need for the modern cutting machine which, in most
of the factories, is absent. We have this Gerber machine that facilitates our processes.

12 How do you evaluate the absence of the local production, what are the implications of its absence within the local apparel industry?

It increases prices of local production even when we get orders from the local tenders we have to buy raw either in turkey or in other countries.

13 You mentioned resistance to change among elderly sewers, do you believe that post-Soviet mindset (the old Soviet way of thinking expressed in unwillingness to follow new competitive market requirements that claim the presence of a strong strategic and marketing planning with the focus on customers) is still prevailing among the industry representatives, especially among relatively elderly employees that prevent the successful development of the sector?

Relatively elderly people tend to have fixed mindset that affects their attitude as well. Don't know whether it is the post-Soviet mindset or cultural aspect. Apparently, it has a negative impact on the apparel sector development.

14 What do you mean in cultural aspect?

You know in our culture employee attitude is different and dedication to work is weak. However, there is a reasonable justification for that – relatively low remuneration. In general, the attitude plays significant role in the performance that has a crucial influence on the success of a company.

Indeed, dedication to work among younger’s is higher but they think too high of themselves. Once they master skills they want to leave the factory and get engaged into more atelier type of business.

15 What do you think about the marketing culture in our country? What is the relevance you assign to it?
It is being developed. Not only in apparel but in all other industries it is being developed. Our manager is very smart and young and he is trying to introduce marketing culture in our factory.

16 *How is he trying to introduce marketing culture?*

He sometimes arranges meetings with us - line managers and highlights the importance of becoming responsive to the international buyers’ need. Our factory is one of the sophisticated factories, trying to operate in the international market. We started producing for Ukraine, Turkey and have more ambitions. For that reason, the whole staff must be more market and customers oriented. And our manager is doing his best to change the attitude and turn the factory more contemporary and market oriented.

17 *How often staff meeting in arranged?*

If busy once a week with line managers, and the management. In general, once in every two weeks or less.

18 *I want to elaborate on the term - “marketing intelligence model” and get your opinion on it. Here we refer to marketing intelligence model, as an intelligence application practice which seems to be weak within the local apparel industry due to apparent information loss or distortion resulting into the poor response to global market needs.*

19 Some factories don't have marketing intelligence model at all, in some cases, it operates very poorly. We receive information from our Manager. He is attending various trade fairs to obtain information on trends and developments. But you know again going to trade fairs is very expensive.

20 *How can you describe the effective marketing intelligence model? To what degree it has an influence on the competitiveness of the apparel industry?*

Effective marketing intelligence model – implies effective circulation of relevant information for the factory that helps to be more competitive. Indeed, information on market developments/ trends/ customers helps companies to be more flexible and
prepared. But as I said it is expensive. It can be the case that some factories understand its importance but don’t have enough money to implement it.

21 What do you think to what degree the effective marketing intelligence model can improve positioning both at local and global markets?

Currently, our positioning is very poor both for the local and international buyers. The better we manage to respond to the international market needs, the more we improve positioning. But this will need time.

22 In your view what are the circumstances hindering the effective functioning of the existing MI Model?

- Communication problem which is apparent in all industries at all levels.
- Workforce attitude
- Poor marketing culture

23 You as the line manager you are responsible for communication with the machine operators (sewers) in your line, how effectively do you perform the assigned duty?

You can ask operators. I think we do our best. Indeed, I'm communicating the message to operators. But skills vary; some understand it well other may need more assistance and on-site training.

24 And finally to summarize – in your view what are the key contributors to uncompetitive Georgia’s apparel industry

- Low efficiency.
- Post- Soviet mindset.
- Poor marketing culture.
- Poor communication.
- Workforce attitude to work.
- Outmoded techniques.
Respondent A 003

1 An Investigation Of Marketing Intelligence As A Strategy To Enhance Competitiveness In The Apparel Industry: The Case Of Post-Soviet Georgia's Apparel Industry.

2 Date of the interview: 20 June 2016.

25 Anonymised company ID (for Researcher’s Use) 003 A

3 The age/position of interviewee: 30, PR of the Association.

4 Number of Association members?

22 (small and medium companies, including footwear companies)

5 In general associations have several missions such as: protection of member companies’ rights, advocacy of the industry needs at all levels, facilitation of collaboration with the international buyers etc., do you have the same missions and how effectively you operate?

Indeed, we are trying to protect members’ right, trying to meet with the Government representatives to highlight major challenges and areas in need of immediate assistance, however, in reality, the Government just listens to us but lacks the actions. You know without full Government support the apparel industry can’t develop. The Government of Turkey did miracles in 10 years by introducing adequate regulations and rules. Among regulations were special allowances for the industry development, 10 years exemption from taxes etc. – that really assisted in making Turkey as one of the most successful apparel and textile hubs.

6 Associations act as a mediator between the big brands and member factories, obtain huge orders and then distribute among the manufacturers. This is apparent best practice in many European countries. Do you do the same?
We can’t do the same. Our association is very weak, with poor positioning, major factories are not the members of the association, and therefore we don’t have enough strength and power. If you remember even when we wanted to arrange the meeting with all local factories, our invitation was not enough. You, as the USAID representatives, had to call them for attending the meeting. We have very poor positioning with weak confidence in us.

Questions on challenges

7 In your view what are the major challenges within the local apparel industry?

- The absence of local production – this significantly increases prices and in some cases even prevents meeting deadlines set by buyers. We can’t use GSP + as a result of this. (I mean 80% must be locally produced to use GSP +).

- Poor skills - operators, mechanics is the worst problem. There is a need to re-train operators. Poor technical knowledge of CMT oriented local factories that prevent profitable delivery of required quality and establishment of the long-term relationship with both local and international buyers. E.g. Local factories lack technical designers, who prepare technical specifications commonly referred to in the industry as tech packs. Technical design skills are value-added skills vitally important for industry growth and development. If we compare all Turkish factories are having technical designers.

- Labour force productivity – low efficiency and consequent inability to produce a high-quality product in high quantity at a required speed increases lead time and positions Georgia as a less attractive outsourcing destination for many brands. Production efficiency is critical to the competitiveness of one country. Our factories generally try to get engaged into more complex constructed apparel, such as winter coats, uniforms. Compared to other low-cost countries, like Bangladesh, Pakistan etc. trying to produce basic commodities like T-shirts, polo shirts and low construction garment, we concentrate more on low quantity and relatively complex items. But those low-cost countries have higher efficiency and gain more from massive
production. The real picture in our industry is not very attractive. All our factories face problems in terms of massive production due to low efficiency. So it will be reasonable to curve a new niche and fully engage in high-end fashion garment production that does not require high quantity production. However, this also creates problems within our factories, since high fashion garment production requires multiple high-level skills and variety of machines and indeed effective communication skills with designers, both local and global designers.

- In that regard we have another problem, the big gap of understanding and communication between local designers and local manufacturers that can be attributed to a poor positioning of local apparel factories, lack of confidence in domestic manufacturers and a long rooted perception of inferior quality domestic production. However, this has changed, the quality of domestic production has improved, though the absence of communication between the parties keeps fashion designers into the information vacuum. Therefore, designers apparently display a reluctance to cooperate with the factories, despite the fact that they need cooperation with the local factories, especially those who have engaged in relatively massive production. Such cooperation would be beneficial to both designers and factories and potentially can enhance the attractiveness of the industry to both local buyers/clients and outside brands. So if you talk to “Tbilisi Fashion Week” they will provide more detailed information on this topic, since this is very acute issue.

- High turnover – especially among young sewers/operators. They have ambition for higher salaries. As you know, in the apparel industry the salary depends on the quantity of items produced, hence due to low-efficiency salary is not high that discourages especially younger staff to stay in this business. (What is the average salary of sewers? About 300 - 400 Gel per month vs. to Turkish companies 600-700 Gel per month)

- Communication at all levels
• The absence of marketing culture - first I think management has to identify the key challenges and identify the best solutions.

• The absence of Government support - first of all, Government has to offer cheap loans and allowances. Despite the fact that apparel is considered as a priority industry, adequate steps and actions are not identified. All developing countries start with outsourcing which is relatively slow process and progress is delayed. I have a feeling that Government wants quick results and therefore disregard many key concern areas that require immediate solution.

• The most sensitive issue for the local apparel industry is to realize potential for improvement into reality. Most experts are saying that major changes and improvements are happening at large, more sustainable factories, we call them Tier – 1 factories. However, for developing countries, with emerging and developing industries rapid improvement in productivity, flexibility and sustainability is a big challenge due to first of all financial problems and secondly due to knowledge gap.

8 Do you believe that post-Soviet mindset is still prevailing among the industry representatives, especially among relatively elderly managers that prevent the successful development of the sector? (the old Soviet way of thinking expressed in unwillingness to follow new competitive market requirements that claim the presence of a strong strategic and marketing planning with the focus on customers)?

Very much so, moreover this is the source of all troubles. I think 99% of troubles are coming from the so-called post-Soviet mindset. Under the post-Soviet mindset, I would have added the attitude towards bribery - I can do everything with money.

9 What do you think about the marketing culture in our country? What is the relevance you assign to marketing culture?
It is slowly being developed. When taking on marketing culture I should recall words of your expert – that there is no evidence that any of the Georgian manufacturers understand the role and importance of product managers/customer representatives and their role in managing orders through the factory and establishing an ongoing relationship with customers. I think this statement clearly defines the level of marketing culture in the apparel industry of Georgia. Even we don’t have marketing manager I act as the marketing manager. we don’t have financial resources to hire one, even if we decide finding a person with strong marketing skills is a problem in Georgia.

Questions on information gathering /marketing intelligence

10 What are the sources of getting relevant information on the industry?

Mostly the internet. I know we need to have marketing person in charge of this but unfortunately, we don’t have funds for that. I, as a PR, often ask donor organizations to keep us informed on innovations and relevant developments within the industry. Your project - USAID EPI was very helpful in that regard. You were giving us information, taking us to trade fairs which really helped a lot.

11 How often acquired information on the industry developments and trends is updated?

Once in a quarter, which I know it not enough.

12 Who is responsible for processing and disseminating information on market/ on products / on new developments within the global apparel industry?

Myself – as the PR of the organization

13 How do you understand the term “marketing intelligence”? (Here we refer to “marketing intelligence model” (MI) as an intelligence application practice, which seems to be weak within the local apparel industry due to apparent information loss or distortion resulting into poor response to global market needs).
Yes, it is very weak. In my view, it implies having adequate staff who will be trained in gathering, evaluating and disseminating obtained information that will help to undertake more purposeful actions.

14 How can you describe the effective marketing intelligence model? To what degree it has influence on the competitiveness of an industry?

When a company has effective internal communication, the so-called MI model can work accordingly and the whole company will benefit from that. And the influence of an effective Marketing intelligence model will be more mobilized employees with common vision and goals, equipped with more knowledge and information that will help to have the best understanding of the market requirements. This, in turn, will have positive influences on the competitiveness of any industry not only apparel and textile.

15 What do you think to what degree the effective marketing intelligence model can improve positioning at both local and global markets?

Indeed, in fashion and apparel industry, the success of any company is fully dependent on how beneficially intelligence will be obtained and applied in order to respond well to the external environment.

16 In your view what can be the implications of integrating marketing intelligence into a decision-making process?

More rational decisions and purposeful actions.

17 What are the circumstances hindering the effective functioning of the existing MI model?

- As you said post-Soviet mindset- again I repeat 99% of problems are coming from it.

- Poor marketing culture.

- Poor communication not only within the companies but outside as well.
18 Can you compare local and Turkish factories (operating in Georgia) in terms of using the marketing intelligence?

Those Turkish factories are subsidiaries of major Turkish apparel factories. Those factories are having the most powerful marketing department in my view and in general Turkey is the first apparel producer. They have the best MI model since they are the first in responding to global market needs in apparel.

19 What is required for the competitiveness of local apparel industry

The existing strategy, undertaken by local apparel manufacturers, (I mean mostly concentration only on Government orders) lacks sustainability that leaves no clear vision on how to add value to a general strategy and how to make apparel value chain competitive and sustainable.

As we know local factories mostly focus on cut-make-trim (CMT) for domestic consumption (mostly uniforms and work wear). The operation only at the domestic market won't enhance the sector development. If we clam to be export oriented, we need to move to more sophisticated level of full package delivery for the international brands. In that regard, we need to shift from CMT (Cut, Make & Trim) to more value-added activities such as original design manufacturing (ODM) and original brand manufacturing (OBM). Unlike function, ODM and OBM require marketing functions, such as knowledge of product specifications, the essence of branding activities.

Another option, as I said is to engage into high-end fashion garment production that does not require high quantity production, but requires more sophisticated skills.
Respondent A 004

An Investigation Of Marketing Intelligence As A Strategy To Enhance Competitiveness In The Apparel Industry: The Case Of Post-Soviet Georgia's Apparel Industry.

1  *Date of the interview:*  June 26, 2016

2  Questions on the factory/employees/ clients

3  *Anonymised company (for Researcher’s Use)*  004 A

4  *The age and education of the manager:*  Marketing/event manager/ Organizer at Tbilisi Fashion week. 45 years old.

5  *Who are your major clients?*

Indeed, existing local fashion designers and beginners as well, other fashion designers also can take part through.

6  *In your view what are the major challenges within the local apparel industry?*

There are so many problems in the local apparel and fashion industry. These are two separate directions in need of close collaboration. We have problems with the mentality both among the designers and among manufacturers that prevents finding the common language. Our small market can’t be successful when disintegrated. Together these two directions can contribute to making great strides within the fashion and apparel industry. Both designers and manufacturers need to come to a unanimous idea that thinking as one industry can make the most of the breadth of talent, opportunity and commitment in this industry and help all representatives in long-term growth, sustainability and financial success.

7  *Can you be more specific in terms of defining the challenges and you mentioned mentality can you elaborate on that issue as well?*
Georgia’s apparel manufacturers’ focus on domestic tenders, comprising mostly small quantity with simple style and in some cases on CMT (Cut/Make & Trim) contracts with the foreign buyers can no longer provide sustainability for the apparel industry. Apart from CMT practice local manufacturers face the importance of adding value through diversifying their resources in various aspects, among them is a fashion industry that can contribute to adding value through engagement of local manufacturers not only on CMT practice but also in design of a model for a new product line with the assistance of local designers. In addition, such collaboration may have several successful characteristics not only in terms of adding value to currently limited activities but also to launching a joint domestic product. Launching local product is essential for the apparel development and particularly now when the local Government aims at facilitating the promotion of “locally produced product”.

To be more specific I will highlight some key challenges such as:

The absence of value-added service capabilities - that can craft a reputation as a quality producing country and attract not only local designers but also for international buyers/clients and designers as well. Industrial upgrading in apparel is associated with the shift from assembling and CMT to the full package. In our country, this shift is absent due to low efficiency, lack of coordination and indeed due to the absence of local raw production.

The absence of adequate vocational training centres – consequently we don’t have adequately prepared sewers and quality controllers. Vocational centres have to improve and innovate their training programs. –mentioned

Garment production planning and control –When products are ready before being checked by the clients’ quality controller, it has to be well checked by the local line managers, which is weak in several factories. I attribute this to lack of knowledge, management problems and lack of control.

I mentioned mentality –Both designers and manufacturers lack marketing skills, customer and market orientation, involvement in R&D. Apparel and fashion industries are driven by fast-changing trends, directions, tastes, hence both fashion designers and apparel
manufacturers need to be watchful, attentive, listening and following to market needs and developments.

8. To be more specific, in your view why do local designers and manufacturers fail to understand each other, what are the key challenges?

“In general fashion designers and manufacturers rarely are considered as partners regardless the importance of their relationship for the successful development of an industry. I read in one reports that very often manufacturers are viewed as outsiders by the designers’ creative networks. In a highly globalized environment where most of the global designers are manufacturing in more than one country, local designers mostly produce in-house at their small boutique style atelier with no ambition or resources to expand operations and engage in mass production.

Designers and manufacturers apparently have incompatible expectations and fail to understand each other’s’ business. The key reason of misunderstanding can be summarized as follows:
The absence of adequate skills - sewers capable of dealing with complex fabrics like silk, leader etc., On-time delivery.
Mismatch with the quality and cost, particularly for small orders characterizing for designers.
Lack of adequate technology – I mean factories don’t have special machines performing very sophisticated operations on sensitive fabrics.

There is a shortage of high-level skills across the whole apparel industry in Georgia. I know some factories have already entered into contract with the international buyers, which will be reflected into their production quality, however, due to already created poor positioning among Georgian designers, the local manufacturers will need to work hard and prove that local production quality has seen significant improvements. Despite improvements, there is empty niche at our market. We don’t have factories and manufacturers capable and willing to deal with minor orders of designers. These small orders often include special items, each requiring unique processing. Actually, almost all our factories are designed to serve local tenders announced by the Government, which do not require very sophisticated skills and the
quantity is average suitable for the local manufacturers. Therefore, to be fair, manufacturers
don’t even try to change their positioning and commence serving the local designers’ orders.

We have several very popular designers. They are reluctant to cooperate with the local
factories. These designers have their small ateliers, where they train their own 2-3 sewers
who can easily meet their requirements rather than placing order with the local factories. But
this is the case with several designers. We have a new generation of very talented designers,
who have already created name and fame. They are relatively young less influenced by the
rooted poor positioning of local apparel manufacturing industry. Therefore, if manufacturers
manage to prove the significant rise in the production quality, cooperation between the local
designers and local manufacturers won't remain as a myth.
9  Summarized key challenges
Key challenges in collaboration with local manufacturers – Designers viewpoint
Inability of local manufacturers to deal with quality required by designers
Local manufacturers’ inflexibility
Absence of skills required by designers (e.g. inability to process and work on silk etc.)
Lack of investment in required technology
Manufacturers push designers’ orders back in queue, giving preference to the state orders,
which is easier.
Payment problem, since factories claim cash in advance or on delivery.
Key challenges in collaboration with local designers – Manufacturers’ viewpoint
Designers lack of technical background in garment construction that in most cases hamper
the accurate communication.
Last minute order with no clarification in a very small quantity
Payment problems: designers’ inability to pay in advance that creates problems for
manufacturers constantly having the lack of funding
10 My experience allows me to say that cooperation with the local factories must be interesting for those designers, engaged into massive production, what do you in that regard?

True indeed those engaged in massive production really need effective and beneficial collaboration with the local factories which is very accepted practice among many international designers. In our country, again due to the weak positioning of locally produced apparel, only several designers are engaged into massive production. When I said poor positioning of the local manufacturing, it refers to local designers as well. Only recently, the situation has seen slight change. We actively conduct Fashion weeks twice a year to felicitate the creation of awareness on the local designers among the population and to reinforce the purchase of "Made in Georgia" product. For the last two years even Government has been trying to enhance the idea of "manufacturing in Georgia" and within this project, we assist our designers to get engaged into massive production and create linkage with the local manufacturers. However only our support is not enough, local factories need to start listening to potential clients’ requirements and become flexible by rapid response.

11 You mentioned the problem of mindset, do you believe that post-Soviet mindset is still prevailing among the industry representatives both among local manufacturers and local designers? (the old Soviet way of thinking expressed in unwillingness to follow new competitive market requirements that claim the presence of a strong strategic and marketing planning with the focus on customers)?

Yes, indeed it represents the key problem especially among relatively older designers who have been dominating at the market for more than 15 years. Indeed, for those designers post-Soviet mindset is reflected into lack of willingness to be more open, cooperative and flexible. Such designers seem to have created less profitable niche and remain resistant to change. I don’t want to mention the name you know there is also one designer who had to re-brand everything due to lack of market research.
12 What do you think about the marketing culture in our country? What is the relevance you assign to marketing culture?

Very slowly we have started granting adequate value to marketing culture, and this is thanks to appearance of many brands within our country. Unfortunately, some industry representative, both designers and factories, don't have even professional websites that are easily found in web search. Indeed, marketing culture has to be developed and reinforced here. e.g. factories lack the professional approach by undertaking market research to identify suitable geographic markets with the consideration of existing capabilities of our factories. Designers also lack skills for undertaking effective R&D in order to expand networking and get involved into local massive production.

13 What are the sources of getting information on new developments/trends?

TFW is attending various fashion weeks, we are in touch with many industry experts to remain updated on developments within the industry.

14 How do you understand the term “marketing intelligence”? (Here we refer to “marketing intelligence model” (MI) as an intelligence application practice, which seems to be weak within the local apparel industry due to apparent information loss or distortion resulting into poor response to global market needs)?

You made great definition. I absolutely agree. At one glance the whole apparel and fashion industry seemed to have made significant strides in terms of development. However, they all have problems at the communication level, information flow is very slow and ineffective. This is the reason for all troubles.

15 How can you describe the effective marketing intelligence model? To what degree it has influence on the competitiveness of an industry?

Competitiveness of apparel industry must have its own ingredients that need to be identified. However, for sure one of the ingredients is marketing intelligence model - in other words effective information flow and application of obtained intelligence.

16 What are the circumstances hindering the effective functioning of the existing MI?
As we identified there are many reasons for its poor functioning. First of all, this is mindset, the way of thinking, undervaluation of R&D, post-Soviet mindset and the derived wrong outlook and approach among the industry representatives, both designer and manufacturers. The wrong approach has implications in underestimation of marketing culture and marketing intelligence. Today these ingredients provide strong foundation for further development especially in the apparel and fashion industries.
Respondent A 005

An Investigation Of Marketing Intelligence As A Strategy To Enhance Competitiveness In The Apparel Industry: The Case Of Post-Soviet Georgia's Apparel Industry.

Date of the interview - 26.05.2016

1 Anonymised company ID (for Researcher’s Use) 005
2 The age and education of the manager: Head of Investment and Research Department 26 years old
3 In your view what are the major challenges within the local apparel industry?

Georgia’s apparel industry development has several directions and each direction is characterized by multiple problems. Let me list some of the key challenges: The first challenge is the lack of investment, in that regard the Government is trying to facilitate the influx of foreign investors by offering favourable conditions. As you know labour cost is competitive here, location is unique and in combination with the benefits, offered by the local Government, Georgia is supposed to be the attractive destination for many investors. However, for the successful development of the apparel industry only favourable conditions are not enough, the key deterring factor is the lack of skilled labour. The absence of adequate skills creates efficiency gap that undermines the positioning of our industry and establishment of long-term relationship with the clients/buyers

As I mentioned, indeed there is a need for effective investment promotion and the Government is going well in that regard. However, even in investment promotion, there is an urgent need for sophisticated marketing culture and effective functioning of MI model. There is an absence of high-quality marketing strategy to attract foreign investors. Successful implementation of investment promotion strategies is hinged on dissemination of adequate piece of information, in which factories’ marketing managers need to reveal the ability to deliver brand image building advertising and use of promotional materials.
In terms of investment promotion companies need to share marketing strategies of successful companies, which includes following activities:

Market research – leading to improvements:

- Promotional/selling activities – aimed at increased awareness of the product among the potential investors.
- Closing the sale.
- Feedback – that leads to new information and major improvements.
- Lack of good training centres and trainers who could have prepared and re-trained the existing staff to meet the international market requirements. The existing syllabus of the training centres is irrelevant offering no skills for future sewers.

Another challenge is the lack of international buyers/clients. Only few factories cooperate with the international clients. In that regard, most of the problems stem from poor marketing culture and poor communication skills. These problems are associated with the existing challenges that I have already mentioned such as: communication problem and absence of strong marketing skills. When I said communication problems I mean several aspects like: poor knowledge of English language, poor sales skills when communicating with buyers, lack of customer orientation - sometimes local factories even fail to respond to emails on time that is irritating for the customers. Most of the general managers act as the marketing managers with a total absence of marketing knowledge and ability to use marketing tools that result into failure to communicate effectively with the clients.

Another challenge is that, as you know, most of the factories participate in Government tenders comprising only uniform production. Hence, local factories focus only on uniform production and reveal a reluctance to fully absorb other local market opportunities. (for example we have one Turkish investor who has started with 20 people now reached 80 employees. They produce lingerie for the local market and successfully sell at LILO market. The same can be done by the local factories). So local factories can think this way and start producing simple, not expensive items that can easily be sold at the open market, e.g, t-shorts, lingerie etc.
Local apparel industry and to be precise local factories can’t be developed well without effective communication and cooperation with the local designers. I mean in ideal case Georgia has to offer international buyers /clients not only competitive labour and outsourcing opportunities but also the whole package which involves local designers as well. For that reason, we need flexible, smart and open-minded designers. Even in this case, we face mindset problems, most of the designers have communication problems with the buyers and avoid involvement in a massive local production to further develop the industry. however, in this regard we are witnessing significant improvements, new emerging designers are more flexible and willing to produce for the local market, even local customers have changed their attitude towards the locally produced product

Another big challenge is the absence of local production of any apparel related product starting from fabrics to simple accessories that significantly increases the production costs for the local manufacturers. Manufacturers buy raw either from Turkey or China, indeed China is cheaper, however transportation costs and the terms that they need to buy in a huge quantity complicates deal for the local manufacturers. Therefore, they prefer buying in Turkey which is more expensive.

The absence of a strong apparel association which supposed to be facilitating the sector development.

If we summarize the following challenges are dominant:

- The absence of skilled labour.
- The absence of adequate training centres and trainers.
- Communication problems (absence of selling skills and knowledge of international trade language – English).
- The absence of a strong marketing culture revealed in the absence of: strong marketing managers, customer orientation, selling skills etc.
- Rigid mindset leaving the industry representatives reluctant to get involved in the massive production and general apparel industry development.
• The absence of the link between the manufacturers and fashion designers the absence of apparel association.

4 You mentioned that few factories cooperate with the international buyers and the key challenge is poor skills?

Yes, only few factories have contracts with the international buyers. Adjara region is doing well in that regard. Turkish manufacturers are attracted to Adjara region due to location and favourable conditions. The existing manufacturers recognize that productivity is about 15% lower in Georgia compared to Turkey. However, still Turkish apparel manufacturers are moving part of their production process to other low-cost countries such as Georgia with the aim to increase competitiveness and maintain global market share. Despite low productivity of labour force, labour cost differentials are large enough to allow them to compensate for that difference and still be profitable. We do have a potential to achieve more once the productivity issues are addressed through very targeted assistance.

5 How do you evaluate the absence of the local production, what are the implications of its absence within the local apparel industry?

As I said it increases production costs. And also there are some bureaucratic issues as well, since factory managers can't go to Turkey so often and leave the factory, this is supposed to be done by the marketing managers who must be actively involved not only in finding buyers/clients but also finding other cheaper sourcing opportunities and negotiating with all required parties effectively. However, underestimation of marketing manager's role creates a gap of this position in most of the local factories.

6 Do you believe that post-Soviet mindset (the old Soviet way of thinking expressed in unwillingness to follow new competitive market requirements that claim the presence of a strong strategic and marketing planning with the focus on customers) is still prevailing among the industry representatives, especially among relatively elderly managers that prevent the successful development of the sector?
I can say that the post-Soviet mindset in combination with the absence of marketing culture represents the major source of all problems within the local apparel industry.

7 What do you think about the marketing culture in our country? What is the relevance you assign to marketing culture?

Marketing culture is slowly being developed in our country which has implication in unstable relations with the buyers/clients or in most cases the short terms relations with the buyers/clients. In the competitive environment, manufacturers need to be constantly updated on trends, developments, new requirements to meet market needs. As we all know apparel is buyer – driven industry, with low entry barriers. However, maintenance of the competitive position is directly hinged on beneficial networking and linkages with buyers/clients. It refers to both local and international buyers. In that regard marketing culture, customer focus and communication are key inputs. In our country, this is missing which results into the poor positioning of the apparel industry.

8 How do you understand the term “marketing intelligence”? (Here we refer to “marketing intelligence model” (MI) as an intelligence application practice, which seems to be weak within the local apparel industry due to apparent information loss or distortion resulting into the poor response to global market needs).

Data coming from research and development that must be incorporated into a decision-making process to perform better and meet changing market requirements

9 How can you describe the effective marketing intelligence model? To what degree effective marketing intelligence model has an influence on the competitiveness of an industry?

The model that ensures a smooth exchange of information that dictates how to deliver value to the market. It serves as the basis for success. It has crucial importance for the competitiveness of any industry in the light of the competitive environment.
10 What do you think to what degree the effective marketing intelligence model can improve positioning at both local and global markets?

It is in direct relationship with the better positioning since your positioning depends on how effectively you deliver value to your target market. Value delivery is hinged on the best understanding of your customers’ changing needs. e.g. I remember during visiting one of the trade fairs, factories learned that all potential buyers/clients were looking for partners with WRAP standards, that was one of the criteria for selection. This was novelty and piece of innovative information for the factories which was a novelty for the local factories. So they learned that incorporation of WRAP standards could have significantly improved their positioning at the international markets.

11 In your view what can be the implications of integrating marketing intelligence into a decision-making process?

That will lead to more strategic decisions.

12 What are the circumstances hindering the effective functioning of the existing MI?

All those problems that I mentioned:

- The absence of marketing culture/ absence of strong marketing managers
- Communication problems
- Absence of adequate education e.g. knowledge of English language, selling skills etc.
- Post-Soviet mindset.