



# Age-based cellular strategic planning to deal effectively with Chinese goods market (market of clothing)

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**Abstract:** Indiscriminate entry of Chinese goods has destroyed the comfort of Iranian producer and consumer; goods that enter the country with low price and very low quality. This research seeks to make a scenario, using age-based cellular planning in order to deal effectively with Chinese goods market. This research has been done as exploratory qualitative study. The method of collecting data is deep interviews with experts; after visiting 9 experts who have been selected through the snowball method, the data was collected, and through theme analysis, 22 final themes were presented based on which, the scenarios for three ages were expressed.

**Keywords:** strategic planning, Chinese good market, age-based cellular planning

## Introduction

Indiscriminate entry of Chinese goods has destroyed the comfort of Iranian producer and consumer; goods that attract the Iranian importer with low price and very low quality. The huge quantities of imported Chinese goods have buried Iranian manufacturers and economy; and till now, the people worried about Iranian economy have cried too much about the disadvantages of Chinese goods, but this has come to nothing! Therefore, the government in order to bring the country out of this situation should have systematic planning and management.

About the problem of imports and the flood of Chinese goods in the country it should be said that the Chinese goods that today has gained the market of Iran, and unfortunately have no good quality, have troubled the country and the government, because the government sells oil to China and in exchange for it, this country does not pay money to Iran and inevitably the Chinese goods are imported into the country, and this is a betrayal to the country's economy.

The Parliament has done basic measures in order to prevent imports of goods from China and other countries, in such a way that in the budget of the country this year, all decisions of the Parliament is in line with the non-oil economy, and non-oil economy, is possible if four basic criteria be considered.

The first criterion is direct support from the agricultural sector, so that if only the agricultural sector be supported properly, we will not need to do anything else but unfortunately after 35 years, this has not taken place, while the practical support is that for example if we are importing wheat to the country, we buy the wheat from farmers with the same price of importing. Other criteria include supporting domestic production, supporting exports, and reform of the tax law.

So the main issue is considered as follows:

How can we offer strategies using the age-based cellular planning in order to effectively deal with Chinese goods market?

## Description and expression of the issue

China's economy has changed rapidly since the late twentieth century and is still growing, such that in 2010, China was named as the second largest economy in the world and a major player in the global economy, while millions of people are still living in extreme poverty and infrastructure problems are continuing in China (Walton, 2001, 4).

The volume of China's economy in 2007 was more than Japan and according to the international statistics it stands after America in the second place of the world. If China's current economic growth continues, China economically is reaching America which is the largest economy in the world and should be prepared to deal with political and economic consequences of that (Eckert, 1995, p. 8).

And finally the products made in South East Asia, following the use of cheap labor, are so cheap that even putting base price and heavy tariffs on Chinese goods have not had any affect on their entry into the country. From Chinese toothpicks and color markers to heavy machinery used in factories, can be seen in the market and now, few countries can be found that have no goods with Chinese brands in their markets.

One of the several factors resulting in the cheapness of these goods is the policy of the governments of Iran and China in managing the exchange rate.

Foreign exchange rate is one of the key prices in determining the efficiency of the economic system in each country (Zamanzadeh, 2008).

The interesting thing here is that Iran government's currency policy is exactly the opposite of Chinese government's currency policy. The Chinese government constantly accumulates foreign exchange earnings of China and refrains from injecting it into the currency market in order to prevent the exchange rate depreciation (appreciation of the Yuan). According to official sources, China's foreign exchange reserves, which currently is the world's largest reserve, is more than 2454 billion dollars. However, other countries, including America, push China to abandon the policy of keeping the exchange rate high. At the opposite point of the Chinese policy, the Iranian government not only does not attempt to raise the exchange rate, but acts in the opposite direction, and with infusion of currency earnings, resulting from oil, to the exchange market, tries to prevent currency appreciation (depreciation of Rial). China, despite having about 2500 billion dollars of currency reserves, refuses to inject the currency to the market and decrease the currency rate, because with keeping its currency high, it keeps its goods cheap for foreigners and thus gains the global markets.

At the opposite point, Iran by holding down its exchange rate, has kept foreign goods cheap in the domestic market and thus allows foreigners to capture its market.

When these two contradictory policies are evaluated beside each other, one of the most important reasons for doubled cheapness of Chinese goods in Iran becomes clear.

According to the discussion above, China's currency policy aims, in order to increase currency reserves to keep the exchange rate high is quite understandable, but the important thing for us as Iranians is that what are the goals of Iran government's currency policy in the injection of oil revenue to hold down the exchange rate and consequently undermine domestic production?

Our main goal in devising age-based strategic planning is effective dealing with the import of Chinese goods; we must move forward with this philosophy that there's always a better way of doing things and the main axis of our work is creativity and systematic approach and what makes this method effective is using of creative ways at appropriate times, that this work will result with the use of age-based cellular planning in the form of creative, systematic and flexible scenarios.

### **The necessity and importance of research**

China is the well-known word for Iranian people in poor goods. although in Europe and even America's markets, Chinese goods are abounding but few of them complain of the lack of quality and they all verify the quality of these goods. But the situation is different in Iran, and the term China has become synonymous with the word poor and without quality; and the distrust of Chinese products has reached to the point that now cutting off the imports from China has become a national expectation. At 2012 they have imported seven billion and 155 million dollars of goods to Iran while at 2005, which coincided with the launch of the ninth government, they were much different from their current position in Iran's market. Now China is the second largest importer to Iran while 8 years ago, it was the fifth among the importers of goods to Iran. Unlike their competitors, they never saw their position shaken in Iran's market because Iran's market has always been open to Chinese goods willingly. On the other hand, Iran's sanctions have always been profitable for the Chinese. This volume of import of Chinese goods to Iran has happened while in 2012, Iran has only had four billion and 827 million dollars exports to China. Looking at the list of imported goods from China which is received from Iran customs

shows that in addition to essential commodities and intermediate goods and capital goods, some goods have been imported into the country that there is no reason for import of them; some of these goods in different sections are: the tools sector including fishing equipment, hammer, mallet, barbed wire, screws and nails, leveling materials, reflective, wiper blades; the Health & Beauty sector including razor, bobby pins and hair curling pins; the textile sector including buttons, tie and bow tie, kinds of zippers and sewing mannequin; the food sector including ketchup and kinds of tomato sauces, orange, red beans, grapefruit, garlic and peas; the exotic goods sector including tobacco pipes and cigarettes, canes, training whips, coral, freshwater ornamental fish and live animals, monuments and bamboo; printed products sector including calendars, catalogs and books; the sports equipment sector including badminton balls, colored paintball balls, snooker and billiard tables; decorative-artistic objects sector including small sculptures and decorative objects, artifacts of baskets and fescue, paintings, decorative objects of Christmas tree and picture frames. As can be seen, all the aforementioned goods are in such a way that the possibility of its production in the country is provided. Thus the need for a strategic plan in the form of systematic and flexible scenarios becomes a necessity for supporting Iranian goods market.

Therefore, we selected age-based cellular planning in order to deal with the Chinese goods market and we will mobilize its facilities because this plan is specific to the crisis situation of Iran in the sanctions.

### **The main objectives of this study**

The overall objective of this study is to achieve solutions to deal with Chinese goods market and supporting the market of locally-produced goods, and domestic producers, which is done based on the following two approaches:

Determination of appropriate strategies,

Determination of the criteria of age-based cellular planning;

Due to the lack of research activities in the field of the possibility of proper implementation of age-based cellular planning in projects, the aim of this thesis is to identify problems and offering executive solutions to support the Iranian goods market.

### **Research Questions**

This research is monitored without hypothesis and in the light of the following questions:

In order to face with the Chinese goods market, what points should be emphasized?

What are the most important factors in dealing effectively with Chinese goods market?

What are the main obstacles of facing with the Chinese goods market?

How can we make a scenario in order to deal with Chinese goods market, through alternative and supplement scenarios, in the form of age-based cellular planning?

Research can be described as an orderly and organized attempt to investigate a particular issue that needs a solution, and it includes steps that are designed and followed, so that some responses to our favorite issue in the field will be reached (Sekaran, 2012, 6).

### **The research method**

The aim of choosing the research method is that the researcher determines what practices or methods to adopt that helps him to reach to the potential answers more accurately and easily. The research method depends on the purpose and nature of the subject as well as the facilities and resources (Naderi, 2001, 5). The present research is a qualitative research.

The present research methods can be divided according to its purpose as follows:

Fundamental research; the main aim is to test the theories, to explain the relationships between the phenomena and to add to the body of available knowledge in a particular field.

Applied research; the aim is to develop practical knowledge in a particular field.

Research and development; the basic goal is the development or acquisition of plan, projects, etc., so that firstly an uncertain specific situation is identified and then based on the research findings, a special project or program will be developed and produced.

Since this study has been conducted in a dynamic and alive organization and its results can be practically used to solve administrative issues, this is an applied research.

### **Information collection method**

In qualitative research the main methods for gathering information are:

Participation in research: participation or involvement in the place or community of the research so that the researcher sees, hears and experiences the reality.

Direct observation: regular attention and recording events, behaviors and issues which are available in the social environment and the place or setting of the research; that in all qualitative researches is considered the main, principal, fundamental and decisive method.

Investigating the documentations: collecting and analyzing the documentations which are related to everyday events;

As was presented in the previous section, for the primary sections and for answering to the basic questions, these methods were used, and the main method in this study is in-depth or comprehensive interviews or objective conversations (see the statement of Kane and Connell 1957, at p. 129), which is divided to several groups:

A) Non-official dialogue, B) general interviews, C) standardized and free interviews.

Finally, according to the theoretical framework, research questions, interview with experts has been chosen.

At the end of the interviews the respondents are asked to assess the validity and reliability of the questions and announce their opinion (Coal, 1996).

### **Statistical population**

Statistical population consists of a collection of individuals or entities that have at least one common attribute (Sarmad et al., 2011, 177). This study has no statistical population and the experts are taken into consideration.

They are experts and specialists in the areas of executive management, strategy, marketing and economics (the scientific experts at universities).

### **Experts sample and the method of sampling**

In this study the statistical sampling is not considered and we refer to the sample of experts and the snowball technique has been used for sample selection; this method has been objective and strategic, and experts will be selected based on the specific objectives of the research and problem solving strategies (Baltar and Brunet, 2012, 60). In this method, first the experts in a specific area are interviewed and they are asked to introduce other experts in this field. That is, except for the initial members who are elected directly by the researcher, other experts, in addition to expertise standards, are elected by other experts as well.

### **Data Analysis**

The method we use to analyze data is analysis of theme. This method is a technique for identifying, analyzing and reporting patterns in the data. This technique, in the easiest mode, organizes and describes the collection of the data in great detail.

### **Validity and reliability of research**

In qualitative research, methods to determine validity and reliability are different from what is common and often used in quantitative researches.

In this study, in order to verify the reliability and validity of interviews the method of evaluation by the participants was used; in this method, as we noted, the researcher asks the attitude of the interviewees of the study about the validity of the findings and the interpretations. In this approach, the researcher presents the collected data, analysis, interpretations and the conclusions to the interviewees and asks them to judge about their reliability and validity and say their opinion (Karsool, 2011, quoted in Azimi, 2012, 54).

### **Research findings**

#### **Analysis of data from interviews**

In the present study, the interview data was collected through interviews with 5 experts in the field of marketing, strategic management and economics and 4 experts and specialists and executives of administrative affairs; the interviews began in the second half of 2014 and the data analysis was finished completely in January and February 2015. The questions were designed in two parts of individual profile and specialist questions for experts in the fields of marketing, strategic management and economics and experts, specialists and executives of administrative affairs.

Interviews time were from 30 minutes to 150 minutes and all interviews were noted and the sounds of the people were recorded with their consent and it was examined to extract the key points. All interviews were written, and for analyzing the data, the method of theme analysis was used.

For ease of analysis and according to encoding rules, codes obtained from each interview were put in the table. In this table first the key points of the data have been extracted as statements and a separate code is considered for each statement. Then, by comparing the codes, cases which refer to a common aspect of the phenomenon studied, take the name a concept, and also some concepts are discussed in the form of the main themes of the research.

### **Coding the data**

#### **Primary coding**

this stage the key points of the interviews, were presented as statements. Each code is unique to a statement. For example, the code (1.S.3) refers to the third statement of the first interview with experts in the fields of marketing, executive management, and economics and the code (4.M.2) refers to the second statement of the fourth interview with experts in the field of clothing.

#### **Secondary coding of the concepts and themes**

At this stage, the primary codes, due to abundance, are transformed to the secondary codes; it means that several primary codes with similar concepts are eliminated or merged and are classified in a group, and concepts that were in one field, make up the final themes, that in this part, due to the abundance of concepts, the considered themes are divided into 22 sections:

- A) The possibility of gathering up the experts and technicians, and inducing the self-confidence of businessmen regarding the possibility of competing with China in the field of exporting of goods and services,
- B) Utilization of Iran from the facilities, the export of technical and engineering services, project execution, rich resources and the possibility of joint ventures in various fields with China's private sector investors,
- C) Political will of the authorities of both countries in order to strengthen political and economic relations,
- D) The high overall-cost of domestic productions compared to similar Chinese products,
- E) Potential ability of organizing different groups and classes of industrialists and investors of clothing industry objectively and in order to achieve their common goals in the form of professional associations of corporations of providing the needs,
- F) Reasonable and comprehensive support of the government from the domestic clothing industry,
- G) Lack of effectiveness of anti-trafficking policies in the clothing sector,
- H) The unique geographical location of Iran and access to the open seas, rail and the low price of transportation in order to spread the transit of goods through it,
- I) Lack of implementing scientific systems in order for production management, marketing and sales, and waste reduction such as using tools of quality control, production control, maintenance, project control,
- J) Developing a strategic plan for the development of economic and trade relations with China and penetration in China market,
- K) Objective and studied presentation in the exhibitions and trade delegations and preventing the presence of non-professional people in these events to avoid the destruction of the image and name of Iran and Iranians,
- L) Attention and focus on Muslims market and the possibility to increase cooperation in the field of commodities that must be prepared as Halal,
- M) Creating stabilization in the political and economic environment and trying to remove sanctions against Iran and joining the international treaties,
- N) Establishing branches and agencies in target countries for continuous studying of the market and market penetration,
- O) Low levels of technology of machinery and equipment and depreciation of production lines in these industries,

- P) Necessity of a healthy and moral economy and increasing the feeling of confidence in traders,
- Q) Reducing government interventions and customs' monitoring,
- R) Presenting Islamic, local, regional and worthy of Iranian women, models,
- S) Creating an image and inducing the perception of lack of quality of Chinese clothing,
- T) Existence of strong companies and investors in the Chinese market,
- U) Lack of well-known brand for the production and export of products in the clothing industry and the small number of large producer units,
- V) Focusing on attractive areas in the clothing industry.

**The final themes**

Table 1

| Number | Themes   |
|--------|--|
| 1      | The possibility of gathering up the experts and technicians, and inducing the self-confidence of businessmen regarding the possibility of competing with China in the field of exporting of goods and services   |
| 2      | Utilization of Iran from the facilities, the export of technical and engineering services, project execution, rich resources and the possibility of joint ventures in various fields with China's private sector investors,                              |
| 3      | Political will of the authorities of both countries in order to strengthen political and economic relations  |
| 4      | The high overall-cost of domestic productions compared to similar Chinese products   |
| 5      | Potential ability of organizing different groups and classes of industrialists and investors of clothing industry objectively and in order to achieve their common goals in the form of professional associations of corporations of providing the needs |
| 6      | Reasonable and comprehensive support of the government from the domestic clothing industry   |
| 7      | Lack of effectiveness of anti-trafficking policies in the clothing sector  |
| 8      | The unique geographical location of Iran and access to the open seas, rail and the low price of transportation in order to spread the transit of goods through it  |
| 9      | Lack of implementing scientific systems in order for production management, marketing and sales, and waste reduction such as using tools of quality control, production control, maintenance, project control  |
| 10     | Developing a strategic plan for the development of economic and trade relations with China and penetration in China market   |
| 11     | Objective and studied presentation in the exhibitions and trade delegations and preventing the presence of non-professional people in these events to avoid the destruction of the image and name of Iran and Iranians,                                  |
| 12     | Attention and focus on Muslims market and the possibility to increase cooperation in the field of commodities that must be prepared as Halal   |
| 13     | Creating stabilization in the political and economic environment and trying to remove sanctions against Iran and joining the international treaties  |
| 14     | Establishing branches and agencies in target countries for continuous studying of the market and market penetration,   |
| 15     | Low levels of technology of machinery and equipment and depreciation of production lines in these industries   |
| 16     | Necessity of a healthy and moral economy and increasing the feeling of confidence in traders   |
| 17     | Reducing government interventions and customs' monitoring  |
| 18     | Presenting Islamic, local, regional and worthy of Iranian women, models  |
| 19     | Creating an image and inducing the perception of lack of quality of Chinese clothing,  |
| 20     | Existence of strong companies and investors in the Chinese market  |
| 21     | Lack of well-known brand for the production and export of products in the clothing industry and the small number of large producer units   |
| 22     | Focusing on attractive areas in the clothing industry  |

**Conclusion and answers to research questions**

According to the data analysis carried out, and 22 themes presented, the following questions will be answered:  
 What points should be emphasized in order to face with the market for Chinese goods (clothing)?  
 What are the most important factors influencing the effective facing with Chinese goods market (clothing)?  
 What are the most important obstacles of facing with Chinese goods market (clothing)?  
 How can we make a scenario in order to deal with Chinese goods market (clothing), through alternative and supplement scenarios in the form of age-based cellular planning?

**Information theme resulted from this study in order to answer the first question**

What points should be emphasized in order to face with the market for Chinese goods (clothing)?

Table 2

|  |   |   |  |
|--|---|---|--|
| The possibility of gathering up the experts and technicians, and inducing the self-confidence of businessmen regarding the possibility of competing with China in the field of exporting of goods and services |   |   |  |
| Reasonable and comprehensive support of the government from the domestic clothing industry   |   | Creating an image and inducing the perception of lack of quality of Chinese clothing  | Developing strategic plan and developing economic and trading relations with China and penetration in China market   |
| Focusing on attractive areas in the clothing industry  | Reducing government interventions and customs' monitoring | Creating stabilization in the political and economic environment and trying to remove sanctions against Iran and joining the international treaties | Potential ability of organizing different groups and classes of industrialists and investors of clothing industry objectively and in order to achieve their common goals in the form of professional associations of corporations of providing the needs |

The cases of facing with Chinese goods market (clothing)

To deal with Chinese clothing market we can act in three sectors and areas:

In the first part and according to the graph, the performances are almost in the middle of the spectrum and somehow using of ability and potential of both parties: planning and use of experts in the field of clothing for exports to China.

In the second section, the focus is on domestic production in Iran and it refers to the beginning of the spectrum: comprehensive activities of the government and cooperation of areas of clothing.

**Information theme resulted from this study in order to answer the second question**

What are the most important factors influencing the effective facing with Chinese goods market (clothing)?

Table 3

|   |
|---|
| Utilization of Iran from the facilities, the export of technical and engineering services, project execution, rich resources and the possibility of joint ventures in various fields with China's private sector investors, |
|---|

|   |   |  |  |
|---|---|--|--|
| Political will of the authorities of both countries in order to strengthen political and economic relations | The unique geographical location of Iran and access to the open seas, rail and the low price of transportation in order to spread the transit of goods through it |  |  |
| Presenting Islamic, local, regional and worthy of Iranian women, models                                     | Necessity of a healthy and moral economy and increasing the feeling of confidence in traders  | Attention and focus on Muslims market and the possibility to increase cooperation in the field of commodities that must be prepared as Halal | Objective and studied presentation in the exhibitions and trade delegations and preventing the presence of non-professional people in these events to avoid the destruction of the image and name of Iran and Iranians |

Factors influencing the effective facing with Chinese goods market (clothing)

Total effective factors for dealing effectively with the Chinese clothing market were presented in two parts:

that are in the middle of the spectrum and need to mutual cooperation, including joint investments and using of transit paths and political supports of both parties.

Functions that focus on domestic production and are at the beginning of the spectrum, which is directed to the field of clothing and producers of this section.

**Information theme resulted from this study in order to answer the third question**

What are the most important obstacles of facing with Chinese goods market (clothing)?

Table 4

|  |  |   |
|--|--|---|
| The high overall-cost of domestic productions compared to similar Chinese products   |  |   |
| Lack of well-known brand for the production and export of products in the clothing industry and the small number of large producer units | Low levels of technology of machinery and equipment and depreciation of production lines in these industries | Lack of implementing scientific systems in order for production management, marketing and sales, and waste reduction such as using tools of quality control, production control, maintenance, project control |
| Existence of strong companies and investors in the Chinese market  | Lack of effectiveness of anti-trafficking policies in the clothing sector                                    |   |

The most important obstacles of facing with Chinese goods market (clothing)

most important obstacles of facing with Chinese goods market was also presented in three parts:

The first part and the weaknesses are presented in the domestic areas and is related to the domestic producers and refers to the beginning of the spectrum.

The second part is related to government policies and refers to the beginning of the spectrum.

Finally, referring to the end of the spectrum and the strong point of the Chinese producers is presented.

**Information theme resulted from this study in order to answer the fourth question**

How can we make a scenario in order to deal with Chinese goods market (clothing), through alternative and supplement scenarios in the form of age-based cellular planning?



Table 5

|   |  |  |                                   |   |                              |                                       |   |                                      |  |                                     |                          |                              |
|---|--|--|-----------------------------------|---|------------------------------|---------------------------------------|---|--------------------------------------|--|-------------------------------------|--------------------------|------------------------------|
| Utilization of facilities and joint investment with Chinese private sector                          |  | Organizing the industrials and investors of clothing industry                        | High price of domestic production | Lack of implementing scientific systems | Being present in exhibitions | Attention and focus on Muslims market | Establishing branches in target countries | Increasing the quality of production | Necessity of executing healthy economy | Presenting Islamic and local models | Lack of commercial brand | Focusing on attractive areas |
| Strengthening the political and economic relations of the two countries                             |  | Reasonable and comprehensive support of the government                               |                                   |   |                              |                                       |   |                                      |  |                                     |                          |                              |
| Unique geographical situation of Iran for transit   |  | Lack of effectiveness of anti-trafficking policies                                   |                                   |   |                              |                                       |   |                                      |  |                                     |                          |                              |
| Developing strategic plan for development of commercial relations and penetration in Chinese market |  | Trying to remove sanctions against Iran  |                                   |   |                              |                                       |   |                                      |  |                                     |                          |                              |
| Existence of strong companies and investors in Chinese market                                       |  | Reducing government's interventions and custom's monitoring                          |                                   |   |                              |                                       |   |                                      |  |                                     |                          |                              |
|   |  | Creating an image and inducing the perception of lack of quality of Chinese clothing |                                   |   |                              |                                       |   |                                      |  |                                     |                          |                              |

Alternative and supplementary scenarios of dealing with Chinese goods market (clothing)

performances are presented in three sectors and stage by stage and cellular which they are presented in the graph, as final and general.

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