



**Addis Ababa University  
College of Business and Economics  
Department of Management**

**Impact of Marketing mix strategies on the profitability of manufacturing  
small and micro Enterprises: The Case of Addis Ababa kolffe keranyo sub-  
city administration**

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micro Enterprise in case of kolfe keraniyo sub city

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### **Statement of certification**

This is to certify that Keadu Shita conducted his research work entitled “**The impact of marketing mix strategy on the profitability of manufacturing small and micro Enterprise**” in partial fulfillment of the requirements for the award of a master’s degree in masters of business administration (MBA) to Addis Ababa University, Collage of Business and Economics. This paper is his original work and has not been submitted to any college or university.

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Advisor: Tewodros Muhib (Assistant professor)

June 2021-----

## Declarations

I hereby declare that the thesis entitled “**The Impact of Marketing mix Strategy on the profitability of manufacturing small and micro Enterprise**” is my original work and all sources of materials used for the study have been dually acknowledged. Additionally, I approved that the thesis has not been submitted to any other higher education institutions (universities) to fulfill any degree. This paper is submitted in partial fulfillment of the requirement for the award of a master’s degree in MBA.

Name: Keadu Shita Gessesse

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Date-----

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## **Abstract**

*Marketing strategy has been a focus of organizations and a tool for attaining overall firm performance. This study was investigating the impact of marketing mix strategy on the profitability of selected micro and small manufacturing enterprises in the case of kolfe keraniyo sub-city administration. The general objectives of the study are to examine the impact of marketing mix strategy on the profitability of selected manufacturing enterprise. Causal research design was applied to test the impact of marketing mix strategies on the profitability of SMEs and follows a quantitative research approach. Collect primary data through using standardized closed-ended questionnaires and distribute to 236 respondents of the study that are owner/managers of SMEs. The researcher has been determining sample size by using stratified sampling and then uses a convenience sampling method to determine the respondents. Data were analyzed via descriptive statistics; mean and standard deviation and inferential statistics; Pearson correlation and multiple regressions. The correlation analysis results have been positive and significant relationship of marketing mix strategy with profitability of the enterprise that is product strategy ( $r=0.347$ ,  $\alpha=0.01$ ,  $p=000$ ), price strategy ( $r=0.421$ ,  $\alpha=0.01$ ,  $p=000$ ), promotion strategy ( $r=0.404$ ,  $\alpha=0.01$ ,  $p=000$ ) and place strategy ( $r=0.367$ ,  $\alpha=0.01$ ,  $p=000$ ). The explanatory variable jointly explained 29.9% of the variation in profitability of SMEs. Promotion, place, price, and product influence positively the profitability of SMEs by 0.254, .215, .205, and .091 respectively. Recommendations were made to SMEs to produce a new design, features, variety, and improve quality of products, charge a reasonable price and give attention to price discount, use an appropriate promotional mix like social media and electronics media, and increase the channel coverage to access their product to target customers. Future researches can be conducted on the impact of marketing mix (7ps) strategies on the performance of all sectors SMEs by using different indicators like customer satisfaction and other non-financial indicators.*

**Keywords:** profitability, Product, Price, Place, Promotion

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### **List of abbreviations**

SMEs	Small and Micro Enterprise
P	Profitability
Pt	Product
Pr	price
Pro	promotion
Pla	place
SPSS	Statistical Package for Social Sciences
ANOVA	Analysis of variance
4Ps	product, price, promotion, and place
PLC	Product Life Cycle

# CHAPTER ONE

## 1. Introduction

This chapter mainly deals with the background of the study, Statement of the Problem that enforces to conduct this research, Research questions, Objectives of the study, Significance of the study, Scope of the study, Limitation of the study, Conceptual definitions and terms, and Organization of the study.

### 1.1. Background of the Study

Marketing is the main participant in the development of the new product, customer handling, delivery/ supply chain management. It delivers ideas about the processes and concept of gaining a competitive advantage through offering or delivering superior value to the buyers of the product. Marketing strategy has been an important element internationally for any small and large organization to be competitive in the marketing environment. In order, to give a solution to the current challenges, the business organization must be formulating and implement more special and purposeful marketing strategies to archive the objectives of the company (Jain, 1997).

Marketing strategy is the marketing logic by which the business unit hopes to achieve its marketing objectives. It shows how strategies for target markets and positioning build upon the firm's differential advantages. It should detail the market segments on which the company will focus. These segments differ in their needs and want, responses to marketing, and profitability. The company should put its effort into those market segments it can best serve from a competitive point of view. It should develop a marketing strategy for each targeted segment (Kotler et al.2005).

Hooley (2013) looks at strategy as a way of budget distribution decisions made all over the firms. This contains desired goals and beliefs about what is an acceptable and furthestmost critically undesirable method for accomplishing goals. He also assumed that strategy recommends that the analysis of the market and its atmosphere, customer behaviors, how to perceive the product value and purchasing power, competitive activities, needs, and

competencies of marketing participants. According to Cowden (2009), marketing strategy should emphasize providing superior value to customers and buyers through setting the right marketing mix elements (4ps) with minimizing the organizational cost to achieve its objectives.

The primary concern of every business organization is to make a profit and to achieve this objective; it behaves the marketing manager of any rational business organization to formulate and implement policies and plans which will maximize the profit per unit of capital employed in the business. Profitability depends largely among other things on a suitable price policy which in itself is influenced by cost and market situation factors. In all endeavors, consumer satisfaction must be seriously anticipated right from the onset. However, the relationship between satisfaction and profit realization is not always a cordial one as posited by Falk (2007).

Marketing strategy is an extended, forward-thinking approach and a general tactical plan of any organization or any firm with the essential aim of achieving a strong competitive advantage by considering the needs and wants of customers.

The marketing mix is the component of manageable variables that a company can use to impact customers' responses. The controllable variables in this situation mention the 4P's (product, price, place/distribution, and promotion). All business fights to form up such an arrangement of 4P's, which can make the maximum level of consumer satisfaction and at the same time achieve its organizational objectives. The mixed variables can be controlled by the marketing companies and institutions in their target market and its composition is required for the reaction (Barat, 2009).

Even if some researches were conducted on the topic, there is no sufficient research done in the Ethiopian context concerning the impact of marketing mix strategies on the performance of micro and small manufacturing enterprises independently, and research was done by (Kenu, 2019) suggested that further research will be done on the impact of marketing mix strategy on performance of MSEs. Therefore, this study was conducted on the impact of marketing mix strategies on the performance of SMEs with special consideration of manufacturing enterprises that are found in Kolfe keraniyo sub-city administration.

## **1.2. Statement of the Problem**

The MSEs usually engaged in the production of goods and services for commercial purposes i.e., for making a profit. Hence, the major activities of these enterprises are tied with marketing.

A study was done by Clough (2011), confirms this by stating marketing a product or service is a central activity for a successful business. This shows that enterprises must give attention to marketing operations and try to identify, anticipate and meet the needs of customers to make sufficient profit and attain sustainability. Marketing strategy is a vital prerequisite of an organization's ability to strengthen its market share and minimize the impact of the competition. Marketing mix strategy consists of product, price, promotion, and placement strategies that influence organizational performance (Foroughi, 2012).

Every business organizations that are whatever, small or large, private or government domestic or global operate in any situation of market environment face challenges of the changing customer expectations rapidly, technological shift, increasing environmental uncertainties that will influence the achievement of its objectives, therefore, business managers formulate appropriate strategies and choose strategic urgencies to distribute their resources to different purposes in an effective method for commercial to achieve its goals. Because of this, managers must formulate new tools, new ideas, a new strategy, and new attitudes to cope with the unsettled and disordered environments (Jain, 1997)

Performance can be measured based on growth, market share and profitability the higher the indices indicates the greater the performance of the business and vice versa. The performance of SMEs has to do with both behavior (activity) and results. This explanation covers achievements of anticipated levels as well as objective review and setting. When the behavior of management is right, then the anticipated levels of output would be achieved and vice versa for failure. This is connected with the concept of customer orientation. It is a concept which transforms marketing into a potent competitive weapon, shifting organizational values, beliefs, assumptions, and premises towards a two-way relationship between customers and the firm. When the behaviors of management towards marketing strategies are geared in the right direction, then this positively affects the performance of SMEs. Some strategies which could affect the performance of businesses are product quality, pricing, marketing promotional communication and efficient delivery of goods, and relationship marketing Ebitu (2016).

In Ethiopia the research was done by (Kenu, 2019) which investigates the effect of marketing mix strategies on enterprises' performance with special reference to the selected small and medium manufacturing operators. In the context of this study product, price, and promotion

strategies were found significantly and positively related to the performance of enterprises. But distribution strategy in contrast was found negatively related to SMEs performance. Based on the result the researcher was suggested that further research will be done on the impact of marketing mix strategies on the performance of a small and micro-enterprise. Small and micro manufacturing enterprise has deficiency of understanding of the impact of marketing mix strategy on profitability of the enterprise. Therefore, this study was focused on examining the impact of the marketing mix strategies on the profitability of small and micro-manufacturing enterprises in the case of kolfe keraniyo sub-city administration.

### **1.3. Research Questions**

The research work attempts to examine the following key specific research questions:

- ❖ To what extent product strategies influence the profitability of MSEs in the case of the kolfekeranyo sub-city administration?
- ❖ To what extent price strategy influences the profitability of MSEs in the case of the kolfekeranyo sub-city administration?
- ❖ To what extent promotion strategy influences the profitability of MSE in the case of kolfekeranyo sub-city admiration?
- ❖ To what extent the place/distribution strategy influences the profitability of MSE in the case of the kolfekeranyo sub-city administration?

### **1.4. Objectives of the Study**

#### **1.4.1. General Objective**

The general objective of this specific study is to examine the impact of marketing mix strategy on the profitability of micro and small enterprises in the case of the kolfe keraniyo sub-city.

#### **1.4.2. Specific Objectives**

The specific objectives of this study are described in the following way:

- To examine the impact of product strategy on the profitability of MSEs in the case of kolfekeranyo sub city.

- To assess the impact of price strategy on the profitability of MSEs in the case of the kolfekeranyo sub-city.
- To investigate the impact of promotion strategy on the profitability of MSEs in the case of kolfekeranyo sub city.
- To determine the impact of place /distribution strategy on the profitability of MSEs in the case of kolfekeranyo sub city.

## **1.5. Research Hypothesis**

Hypothesis 1: Product strategy has a significant relationship with the profitability of micro and small enterprises.

Hypothesis 2: Price strategy has a significant relationship with the profitability of micro and small enterprises

Hypothesis 3: promotion strategy has a significant relationship with the profitability of small and medium manufacturing enterprises.

Hypothesis 4: Place strategy has a significant relationship with the profitability of micro and small manufacturing enterprises.

## **1.6. Significance of the Study**

One of the major causes of success or failure in a Business Company may depend upon the marketing strategy that is implementing within the organization. Therefore, the research emphasis examining the impact of marketing mix strategy practices on MSEs in the case of kolfe keraniyo sub-city administration. The research results are showing the impact of marketing mix strategy (product, price, promotion, and distribution) on the profitability of SMEs. This research may fill the gap of enterprise owners or managers to formulate understand and, implement marketing mix strategies. Based on the findings the enterprise owners or managers can revise the marketing mix strategies to achieve its objectives. Additionally, the study has served as an input for higher officials of the enterprise and concerned government bodies to look into the effect of marketing mix strategies on the performance of SMEs. The study has also been expected to contribute towards the advancement of theoretical knowledge and serves as reference material for similar studies in the future.

## **1.7. Scope of the Study**

The scope of a given study is usually checked out from various perspectives which might be in terms of areas of coverage as associated with the topic matter and viewpoints of geographical reach within a given time and budget limit allocated for the study. Because of the above reason, this study was focused on internal factors of performance interims of profitability of SMEs, mainly core marketing mix (4ps) strategies that are practiced only in selected manufacturing sectors of an enterprise that operates on woodwork, metalwork, leather works, chemical and detergent production, recycling, and, handicraft. The study was delimited geographically at the Kolfekeraniyo sub-city administration.

## **1.8. Limitation of the Study**

In doing research many problems may occur; among the major limitations of this study are: the study was conducted on the enterprise side only which uncover the other stakeholders like, customers, government. The research focus only on internal factors mainly core marketing mix strategies that affect the profitability of enterprise which, external factors were not covered in this study. The research was focused on selected manufacturing sectors other sectors of SMEs were not include in the study, and the research was geographically delimited in case of colfekeraniyo sub-city others sub-cities were not covered in this study. These factors have limited the outcome of the research result.

## **1.9. Definition of Terms and Concepts**

**Marketing strategy:** This might be a plan that companies use to provide their target customers with eminence products, a low-cost, offer actual promotional strategy, and cooperate with their distribution channels hence generating demand for their goods and growing performance Gituma (2017).

**Marketing mix strategy:** The marketing mix strategy contains all the reactions of a company in confirming that the target customers positively influence their demand for products. (Kotler and Armstrong, 2012)

**Product:** Physical goods or intangible goods that can be sold, multiple sets of benefits that can be used to satisfy buyer needs. (Kotler and Armstrong, 2012)

**Price:** The worth is included in the price; product or service providers for sale and will decide the degree of benefits. Includes issues such as discounts, list prices, credit, repayment term and conditions (Kotler and Armstrong, 2012)

**Promotion:** Includes all actions that include communicating with the purchaser about the products and their advantages and features such as advertising, personal selling, sales promotion, public relations, and direct marketing (Kotler and Armstrong, 2012)

**Place:** Process of moving products from the manufacturer to the final user such as distribution channels, market coverage, product inventory, transportation, and distribution sites (Kotler and Armstrong, 2012)

**Performance:** Research done by (as cited in Tambwe, 2015, Storey, 1994) revealed that performance is a general concept that is defined based on job creation, development, profitability, sustainability, survival, and stability.

**Profitability:** Profitability is ability of a company to use its resources to generate revenues in excess of its expenses.

## **1.10. Organization of the Study**

This research has been compiled into five chapters. The first chapter deals with the background of the study, the statement of the problem, the objective of the study, the significance of the study, the scope of the study, the definition of terms and concepts, and the organization of the paper. The second chapter consists of a review of the related literature that deals with theoretical, empirical, and conceptual reviews about the research topic. The third chapters mainly deal with the methodology of the research which consists of a brief description of the study area, research design, research approach, population and sample size, data source and type, data collection procedure, data analysis technique, model specification, validity, reliability and, ethical consideration. The fourth chapter contains data analysis which, deals with data presentation, interpretation, and analysis. The last chapter deals with the summary, conclusion, recommendation, and future research suggestions of the study.

## CHAPTER TWO

### REVIEW OF THE RELATED LITERATURE

#### 2. Introduction

This chapter contains the review of the related literature; theoretical review, empirical review and, the conceptual framework of the study that was reviewed from books, journals, articles, websites, and previous researches that are related to the research topic will be discussed.

#### 2.1 Theoretical Review

Strategies are the way through which the firm will be meeting its long-term objectives. Business strategies include terrestrial growth of business, diversification, gaining, produce a new product, market penetration, and retrenchment, divestiture, closing, and making joint ventures. Strategies are possible actions that need top management decisions and large amounts of the firm's resources. Strategies have the multidivisional result and want the eye of things that influence the firms internally and externally Fred R (13th ed.).

Marketing Strategy indicates a process of managerial decisions that help to differentiate the firms from rivals and might sustain its competitors' advantage in a competitive market. The company's strategy must be matched with the mission, vision, resources, and environmental opportunities (Daniel, 2018). Marketing strategy is a strategy that companies deliver quality products and services to their target markets at an affordable price through an effective promotion at the right place by using appropriate distribution channels to enhance demand and increase performance. Marketing strategies that include product, price, place, and promotion are strategies that companies use to meet the customer requirements and desires and influence organizations internally to achieve their short and long-term objectives (Gituma, 2017).

#### 2.2. Marketing mix Strategy

According to Muchiri (2016), the marketing mix strategy carries with it all elements that help a firm to enable that the target customer positively impacts their product demand. Companies that encourage satisfying the requirements of customers should target the needs and wants of

customers and formulate enabling strategies to boost their performance. The marketing mix may be a collection of controllable marketing elements that the firm uses to satisfy the needs and wants of target markets. It consists of everything that the organization can do to influence the demand for its products and services offers to the market. Goods that are tangibility produces have been used a 4Ps model; whereas, services sectors use a 7P approach to fulfill the needs of the service provider's customers: product, price, place, promotion, people, physical facilities, and processes (Ivy, 2008).

### **2.2.1. Product Strategy**

The Chartered Institute of Marketing (2009) Marketers commonly define a product as a group of tangible, intangible, and symbolic features intended to meet consumer needs and desires. It also defined that a perfect product should offer value for buyers. Many business firms decide what to offer first and then find a marketplace for it. Product is the first element of the marketing mix which is being sold by the firm. It's quite a straightforward a simple set of physical characteristics; it is a collection of values that may satisfy customer needs and wants (Ivy, 2008).

Products are physical goods produced by manufacturers and services are intangible goods delivered by service provider organizations to meet customers' needs and wants (Suherly et al., 2016). Product strategy involves elements such as packaging, branding labeling, warranty and guaranty, and product characteristics that are standardized, stylishness, features, and design. Strong brand preference is an extra characteristic to the merchandise that might affect whether purchasers notice a product in-store, inspect it, and purchase it Muchiri, (2006).

### **Product Attributes**

**Quality:** is the primary characteristic of the product that indicates how the product is well made. A high-quality product has characteristics that work better, more reliable, look more attractive and stylish, easy to use, and consist of higher quality components/ingredients of raw materials that are used to produce a product. The quality of a product affects the overall profitability of the firm. The extent of quality in the product and its components/features becomes a strategic choice. As would you expect, a higher quality product allows for a price premium to be charged. However, this also has the impact of reducing the overall sales volume.

And of course, higher quality products will have a higher unit cost which may impact overall profitability (Barat, 2009).

**Features:** Most products can be delivered with different features that support their basic function. An organization may identify and develop suitable new features by studying current buyers and calculate the customer value based on costs incurred for each potential feature. Product features are the actual elements or contents of the product that is produced by manufacturers to deliver to the market that is very important to influence the production process. Product features consider particular target market needs and want (Barat, 2009).

**Design:** Design is the totality of features that influence how a product sees, feels, and functions in a market. It provides functional and aesthetic benefits to the customers. It is more important parts of product attribute to attract the market by appropriate physical looks of the product. The designer must calculate the costs that invest in feature of the products (Barat, 2009)

**Branding:** According to (Fan, 2010) the American Marketing Association in 1960 defines a brand as “a name, term, sign, symbol, or design, or a combination of them, intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors.” A brand can be differentiating one product or service in some way from another product or service that is designed to meet the same need. These differences may be based on functional and rational that is related to the product performance of the brand and they may also be more symbolic, emotional, or intangible related to what the brand represents or means in a more abstract sense.

**Packaging:** Packaging is the process of designing the package that covers, containers, or wrappers of a product. It has a very important role in the marketing success or failure of many products especially for non-durable consumer products to prevent danger and be used as a promotional tool. Customers may evaluate the quality of the product from its packaging. It is not only helping as communication tools for transmitting symbolism rather it is important for its symbolic contribution to the total understanding of the company or the brand as research done by Raphael & Olsson (1978).

**Labeling:** Product labeling is a part of the packaging of a product. It is the written information on the packages and gives the necessary information to customers/buyers about the product. It

is used to identify the product, grade the product, describe the product who made it, where and when, what it contains, how to it to be used and how to use it safely and it can promote the product through attractive graphics (Barat, 2009).

**Warranties and Guarantees:** All sellers have responsible legally for fulfilling a buyer's expectations. Warranties are formal declarations of estimated product performance by the producer. Products that are under warranty can be giving back to the producer or designated repair center for repair, replacement, or refund. Whether expressed or implied, it is legally enforceable. Guarantees decrease in the buyer's observed risk. They recommend that the product is of high quality and the company and its service performance are dependable. They can be particularly useful when the company or product is not well famous or when the product's quality is superior to that of competitors (Barat, 2009).

### **2.2.2. Product positioning Strategy**

Positioning strategy appears thanks to the trendy mentality and its show of description of how some product or brand is perceived by customers instead of how products are presented or what's presented. Positioning and brand identity should be indicating clearly because the brand position and identity are connected in a complicated method to emphasize the differences (Akpyomare et al., 2013).

Positioning strategy denotes the selection of target market segment which defines the purchasers a business will want to supply and therefore, the choice of various advantages that defines the idea of competition in the segment (Doyle, 1983). The position of a product indicates a comparable location within the marketer's mind from competitor products. Positioning is building of the image of a product directly contrary to the competitor products and other products produced by the company's (Mustafa K. 2002)

### **2.2.3. Product Elimination Strategy**

Product elimination is that the decision to avoid a product from the group as a result of its poor market performance. The market demand for such products has been immersed to none and hence product elimination or avoidance is implemented. Product elimination may mean that only a product avoids the brand of an umbrella instead of the entire portfolio. Product

elimination research has mainly focused on classifying the purpose when a product has ceased to satisfy the rationale for its existence theorists like Alexander (1964) and Kotler (1965) postulated that products were because they'd reached the top of a traditional life cycle.

#### **2.2.4. New Product Strategy**

The business environment changes dramatically in terms of rapid technological change in computers and telecommunication, globalization of business, the emergence of continuous mergers, acquisitions, and strategic alliances. These dramatic changes have impacts on all aspects of societies and business practices, new development practices, forced by the above environmental changes. And therefore, the sustainability of any business within the market depends on its capacity to effectively introduce new products into the competitive marketplace. These new products and their effective development are the blood of a corporation to exist within the market. These new products bring the capacity for the firm to achieve and produce high returns. Also, new products can increase new markets and market shares and mainly help to shield the competitive market. Frequently developing new products may provide satisfaction to the unsettled needs and wants of customers this result to create loyal customers and affect positively the performance of the organization (Wind & Mahajan, 1997)

### **2.3. Marketing Strategies in the Product Life Cycle**

An organization's positioning and differentiation strategy should be changed when because the product, market, and competitors change over the product life cycle (PLC). The product life cycle indicates products have a limited life. Product pass through distinct live stages, each stage faces different challenges, opportunities, and problems for the vendor. Profits may rise and fall at different stages of the product life cycle. Products need different marketing strategies in each stage of the life cycle. So, the corporate or the marketing manager must develop marketing strategies in each stage of the product life cycle (Barat, 2009).

### **2.3.1. Marketing Strategy: Introduction Stage**

At the introduction stage of the product life cycle, the corporate faces different challenges. During this stage of the product life cycle, demand, sales, and profit are low. The firm tries to push demand for its new product. Because the clientele and distributors might not be aware of the product, marketers must use promotional programs to form awareness of the market of the merchandise availability and explain its features and benefits of the product. Therefore; the main priority of the firm at the introduction stage is to get widespread awareness of the merchandise in its target segment and to stimulate trial. This is especially the case for new to the planet products, which are truly innovative naturally. During this case, primary demand will first be established. The corporate should focus its marketing activities on those buyers who are readiest to purchase. To come back in later competitive the firm can bring superior technology, quality, or brand strength to create a market advantage (Barat, 2009).

### **2.3.2. Marketing Strategy: Growth Stage**

A growth stage of the product life cycle could be a stage in which the product sales increases at increasing rate demand and profit also increases. While cost is reduced because of the economics of scale. Competition continues to grow throughout this stage. The main objectives of this stage are to maximize market share. Therefore, companies must apply strategies that use to sustain rapid market growth as long as possible. Product quality should be improved and new product features and models added. The firm can even enter new market segments and new distribution channels with the merchandise. The corporate should keep promotion spending at the identical or higher level because there's more than one main goal: educating the market and meeting the competition are important. At the identical time, the company's advertising must be shifted from building product awareness to product conviction and get. Firms can reach a dominant position by spending plenty of cash on product improvements, promotion, and distribution (Barat, 2009).

### **2.3.3. Marketing Strategy: Maturity Stage**

At the maturity stage sales of the merchandise slowdown because of the emergency of many producers with many products to sell reach maturity stage. Companies capture customers from their competitors by understanding each other on prices and increased promotional efforts. The firm will attempt to prevent sales to decline while maintaining profitability. At this stage, the firm can select from some alternative strategies to ensure the future success of the product. These strategies range from innovating the market to altering the marketing mix. The firm should consider modifying the market, product, and marketing mix. Modifying the market means trying to extend consumption by finding new users and new market segments for the merchandise and increased the usage of present customers. Modifying the product refers to changing the characteristics of the product such as quality, features, style, or packaging to attract new users. And therefore the last modifying the marketing mix involves improving sales by changing one or more marketing mix elements. The firms also launch a good advertising movement or depend on aggressive sales promotion (Barat, 2009).

### **2.3.4. Marketing Strategy: Decline Stage**

At the decline stage, the product may have made it within the final stage in PLC. At this stage, the product's sales decline. Usually, the firm will have tried to stay the products as long as possible in the maturity stage. The firm must develop substitute products that satisfy customer needs better than the previous product. The corporate needs to pay more attention to its aging products to spot products in the decline stage early. Then, the firm must make a decision: maintain, harvest, or drop the declining product. The main objective in the decline stage should be to reduce expenditure and "milk" the brand. The firm uses cutting price, choosing a selective distribution by phasing out unprofitable outlets, and reduce advertising as well as sales promotion to the level needed to retain only the most loyal customers (Barat, 2009).

### **2.2.2. Pricing Strategy**

The price is an exchange value that customers pay for the products or services offers by the organization. The value of the service involves considering fixed and variable costs to the determination of elements, the price reduction, the decision of the commission to channel collaboration and credit (Suherly et al., 2016). The company should set an appropriate price for

its product and service made available in the market. Pricing strategy is one among the foremost important marketing mix elements that consider market segment, buyer capability to pay, market environments, competitors, trade margins, and cost of inputs. Firms 'pricing strategy is determined by costs that are paid to produce and deliver goods and services to customers. Thus, companies must study internal and external variables that affect price deregulation before setting the price for their offerings Tellis (1986).

## **Pricing Objectives**

There are many pricing objectives for careful consideration that guides the choice of pricing strategy. Business firms should understanding product attributes and markets to decide on which price objectives will be applied. It is selected by considering the business financial goals in mind. Elements of the business plan can guide to selecting price objectives and strategies. Firms may implement one amongst the subsequent price objectives according to the financial goals of the business (Roth, 2007).

**Partial Cost Recovery:** an organization that has other sources of income without the procurement of products may prefer to apply this pricing objective, which is used to customers gain quality products at a lower cost. This pricing objective is best reserved for special situations or product competitor's streams to supply lower prices without other revenue (Roth, 2007).

**Profit Margin Maximization:** Firms want to raise the per-unit profit margin of products. This objective is principally applied when the overall number of units sold is estimated to be low (Roth, 2007).

**Profit Maximization:** Firms apply profit maximization objectives when it wants to gather a huge amount of dollar in profits instead of profit margin maximization (Roth, 2007).

**Revenue Maximization:** Firms choose revenue maximization pricing objectives when it wants to extend revenue from the sales of products with no consideration of profit. This objective should be applied when providing a new product into the market to extend market share and developing long term customer base (Roth, 2007).

**Quality Leadership:** firms may set a price that indicates the standard of the product to the clients' high price indicates higher quality (Roth, 2007).

**Quantity Maximization:** Firms set this kind of pricing objectives when it wants to extend the number of products sold. This objective is also chosen when firms have the goal of taking advantage of the economics of scale. (Roth, 2007)

**Status Quo:** Firms choose this price objective it wants to stay their product prices in line with the identical or similar products offered by their competitors to forestall starting a price conflict or to stay up a stable level of profit gained from a selected product (Roth, 2007)

### **2.2.2.1. Factors affecting to set the Price**

In keeping with Nagle and Holden, (1995) Economists agree that pricing is ruled by the elasticity of demand. Pricing decisions consider many factors aside from the relative difference in demand and provide of goods and services. Price is the value that buyers willing to pay to sellers for the goods and services. A firm's pricing decision is suffering from internal and external factors. Internal factors like marketing objectives, marketing mix strategies, and price of productions. While external factors of pricing decisions are the character of the market, demand, competitor's situation, and others. The three usual methods to pricing are reviewed as follows:

#### **2.2.2.2. Cost-based Pricing Strategy**

A financially focused approach to pricing to which products are priced to return an honest profit above and beyond costs that are to produced goods and services. Cost-based pricing should make sure that products are priced through which a fair contribution margin is achieved above and beyond the cost that's to supply the product. The most difficult of this approach is to decide an appropriate unit cost related to the merchandise because the unit costs may fluctuate with sales volume. This usually brings to higher pricing in weak markets and lower pricing when demand is robust, which isn't a prudent strategy.

### **2.2.2.3. Customer-Driven Pricing Strategy**

A market-driven approach to pricing may be a way of pricing method that considers the capability of customers to purchase the merchandise. Customer-driven pricing is particularly determined by the sales organization and provides flexibility so as that price will be matched with the amount that a customer is prepared to pay. This strategy faces an issue of shoppers don't seem motivated to be candid relative to the price that is willing to accommodate for a product and therefore the sales organization's role shouldn't be to simply obey at whatever price the customer is willing to pay.

### **2.2.2.4. Competition Driven Pricing Strategy**

This market-driven approach to pricing could be a method of pricing that prices are determined by the pricing level at which a targeted market share level is reached by the firm. Competition-driven pricing is employed to verify that a firm realizes its desired market share objective. This approach may often cause wrong price-cutting as a firm wants to realize market share.

### **2.2.2.5. New Product Pricing Strategy**

Organizations may set price to their newly developed produces either skimming or penetration supported by the organization policy:

**Skimming Pricing:** firms set a skimming pricing strategy for newly developed products that are unique and top quality and calling for a high price. The values ultimately are lowered as competitors enter the market. This strategy is typically used on products that are new and have few if any, direct competitors when first entering the market. Firms set high prices until more products come to the market. The skim pricing strategy should be reserved when the firm's pricing objective is profit maximization, revenue maximization, or profit margin maximization. This strategy is used when no competition generates greater revenue, profit, and profit margins since the firm are the sole seller of the product (Roth, 2007).

**Penetration Pricing:** firms set a cheap price for their newly developed products to draw in entering into a new market. The most aim of implementing penetration pricing is too appealing and increase market share. The penetration pricing strategy is also applied if the firm pricing objective is either revenue or quantity maximization through increase sales volume by attracting many shoppers to buy its product (Roth, 2007).

### **2.2.3. Promotion Strategy**

Promotion strategy could be a main element of the marketing mix strategy. Firms are accustomed persuade customers about their product and service values deliver to satisfy the needs and wants of customers (Rashed Al Karim & Wardha Habiba, 2020). Promotion includes all the tackles that firms used to address information to the purchasers or buyers about the values to be delivered (Ivy, 2008). Promotion is that the method of a company communicates what it produces and what it can deliver to customers. That contains actions are branding, advertising, public relation, sales promotion, special offers, and exhibitions. Promotion should increase attention, pleasing, transfer a daily message to customers choose firms products apart from competitor's products and services. (Marketing and the 7Ps What Is Marketing? 2005)

#### **2.2.3.1. Advertising Strategy**

Advertising is all kinds of information and promotion of a set of ideas that helps to aware markets about new products through, business directories, magazines, and newspapers, television or movies, and radio cut back barriers between customers and organization (Hasbullah & Bahador, 2019). Firms should be specifying the advertising objectives to formulate advertising strategy. So, firms select objectives that may be influenced by advertising which is accustomed to tests and evaluations. The major goals of advertisings are to create awareness, understanding, or belief, and therefore the combination of this effect with the results of other variables within the marketing mix would lead to the final goals of sales and profits (Boyd et al., 1972).

### **2.2.3.2. Sales Promotion Strategy**

Sales promotion is a marketing strategy where a product is promoted using short-term attractive initiatives to stimulate its demand and increase its sales. Firms should be using sales promotion that is the activities and judgments which deliver specific short-term measures to reinforce the acquisition, uses to facilitate the acquiring of products and could be sent to the end-user or middlemen. This promotion is employed by the firm to encourage their customers or buyers to purchase their products and services by using the promotional method of Coupons, discounts, referral programs, and loyalty incentives (Hasbullah & Bahador, 2019). Sales promotion tools differ in their particular objectives. A free sample motivates consumer trial, free management consulting service used to strengthen a long-term relationship with a retailer. Sellers use incentives to draw in new triers. Sales promotions are used to appeal to brand switchers, who are mainly searching for low prices, good value, or premiums. (Barat, 2009)

### **2.2.3.3. Public Relations Strategy**

Public relation is a process of maintaining a favorable image and building a beneficial relationship between an organization and the public communities. Publics are any group of individuals that has actual or potential interest to influence a firm's capability to attain its objectives. Firms should create relations with a huge number of potential publics additionally to customers, suppliers, and dealers attain their short-and long-term objectives. Publicity comprises different programs to show or protect a firm's goodwill or specific products and services. Many organizations are shifting to marketing public relations to reinforce corporate or product promotion and image building. Marketing public relation, like financial public relations and community public relations, serves a special constituency, the marketing department. (Barat, 2009)

### **2.2.3.4. Personal Selling Strategy**

The concept of personal selling is in line with modern marketing philosophy that's the view of selling may be a set of activities whose achievement depends on the power of the salesperson to identify the requirements and desires of clients. By delivering the values that are desired by customers, the salesperson may enhance the sales volume. The processes will be implemented through salespersons, display rooms, exhibitions, and trade shows (Szymanski, 1988).

#### **2.2.3.4. Direct Marketing Strategy**

Direct marketing is delivering products to consumers through the virtual way of description of products by using text, graphics, or images in a paper or web page catalog, mail order catalogs, E-mail, telemarketing. Firms should be provided a model of choice of the customer when a product is often purchased during a direct channel. This eliminates the utilization of touch, taste, smell, and sometimes sounds from the set of senses used in the pre-purchase evaluation and might cause evaluation mistakes by the client (Chiang et al., 2003). The sector of direct marketing has grown significantly, mostly due to the reduced costs related to gathering and storing customer records and also the availability of distribution channels that offered direct access to the customer. (Allenby et al., 1999)

#### **2.2.4. Distribution Strategies**

The fourth very important tool of the marketing mix is a place that is also known as distribution, which is identified as the collection of processes and means through which products or services arrive at markets. Distribution is the tool that helps customers and buyers to get goods and services to purchase those products from those producers/providers when they need those (Hasbullah & Bahador, 2019). The place where clients buy goods and receive services and the method of distributing organizations' products to that place. It would be appropriate and convenient for the customers. The product should be available in the right place, at the right time, and in the right quantity with the acceptable cost of keeping storage and inventory (Marketing and the 7Ps What Is Marketing? 2005).

Placement indicates the place where the goods and services find to be sold or bought. Consumers should be purchase goods or services from the market through physical or virtual ways through marketing intermediaries (Suherly et al., 2016).

##### **2.2.4.1. Functions of Marketing Intermediaries**

Firms use marketing channels to distribute products to a target market; it uses three kinds of marketing channels: First organizations use communication channels used to send and receive messages from target buyers; it includes printed and electronic media like newspapers, magazines, radio, television, mail, telephone. Second firms communicate by the look of their retail stores and web pages and other media. Third firms use distribution channels to show, sell

or offer tangible products or services to the end-users. These channels may be communicated through the Internet, mail, or mobile phone, or indirectly with distributors, wholesalers, retailers, and agents as intermediaries (Barat, 2009). Channel intermediaries are consist of individuals or companies who intermediate exchange utility when participating in two or more partners. Intermediaries create form, place, time, and ownership values by bringing together buyers and sellers. (Pelton et al., 2002)

#### **2.2.4.2. Type of Distribution Channels**

**Direct Channel:** This is a typical marketing channel also known as zero level channel that employs when producers or manufacturers sell their goods directly to individual consumers or buyers without the involvement of intermediary manufacturers to get direct contact with a buyer at a point of sale. Some examples of direct channels are peddling, brand retail stores, taking orders on the company's website, and it usually used by manufacturers when selling perishable and expensive goods to the target market that are found geographically concentrated (Segetlija & Dujak, n.d.).

**Indirect Channels:** The indirect marketing channel can be divided into a short channel that involves only one retail company and a long channel that involves two or more intermediaries (wholesale and retail companies) to reach products to the buyer or end-users (Segetlija & Dujak, n.d.). Indirect channels may be classified into three types:

**One Level Channel:** Manufacturers sell their product directly to retailers and then retailers sell it to the customers. This distribution channel works better for shopping goods like clothes, shoes, furniture, toys.

**Two Level Channels:** In this channel of marketing wholesalers buy a large number of products from manufacturers then break them down into small packages and sell them to retailers who finally sell them to the end-users. It is applicable for durable and inexpensive goods and the target customers aren't limited to a confined area.

**Three Level Channels:** At this channel of distribution agents involve the wholesaler and retailer who help in selling goods.it will be applied when needs goods to move quickly into the market soon after the order is placed.

### 2.2.4.3. Selecting Distribution Channel

Each channel of distribution from sales forces to the end-users has its strengths and sales forces can manage complex products and transactions that are expensive. Organizations can sell their products through distributors but the organizations lose direct contact with customers (Barat, 2009). Organizations choose different channel alternatives built on the kind of intermediaries, the number, and the terms and responsibilities of each intermediary. Details as discussed below:

- ✓ **Based on Types of Intermediaries:** Manufacturers may choose different types of intermediaries to maneuver their products from point of manufacturers to point of consumption. Firms may choose a brand new channel of distributor due to different reasons like difficulty, cost, or the dominant channel. Firms gain the advantage of competition reduction, a minimum of initially.
- ✓ **Based on the Number of Intermediaries:** Firms may choose exclusive, selective, or intensive distribution channels. Firms choose exclusive distribution when becoming a base for specialists searching for a footing in markets increasingly driven by price. Selective distribution depends on just some of the intermediaries willing to hold a selected product, and intensive distribution distributes the goods or services in as many retailers as possible.
- ✓ **Based on Term and Responsibilities of Channel Members:** Firms should be treated respectfully to each channel member and given the chance to be profitable. The most elements in the “trade-relations mix” are price policies, conditions of sale, territorial rights, and specific services to be performed by each party.

### 2.3. Origins of the Marketing Mix

The notion of a marketing mix originated with Neil H. Borden in his presidential address at the American Marketing Association conference in 1953. Borden credited his Harvard colleague James Culliton with sparking the idea. Culliton had referred to the business executive as a "decider," an "artist," a "mixer of ingredients." Borden liked the notion of the marketing manager as a "mixer of ingredients," and thus envisioned the manager's output as a "marketing mix." Around 1949, Borden began using the term "marketing mix" in his teaching and writing, and he emphasized the importance of developing the correct blend of the elements. "Mixer of ingredients" appealed to Borden as an apt and easily understandable phrase, far better than his

previous references to the marketing man as “an empiricist seeking in any situation to devise a profitable pattern or formula of marketing operations from among the many procedures and policies that were open to him.” Borden included 12 major decision areas in his "marketing mix": product planning, pricing, branding, channels of distribution, personal selling, advertising, promotions, packaging, display, servicing, physical handling, and fact-finding and analysis. He also noted that the marketing manager must consider the following forces in developing a marketing mix: (1) consumer buying behavior, (2) trade behavior, (3) competitor position and behavior, and (4) governmental behavior. Borden noted that a visual presentation of the marketing mix elements was very useful in business problem solving and classroom teaching and that it effectively communicated the nature of marketing decision-making.

#### **2.4. Jerome McCarthy’s 4ps Paradigm**

The major step in popularizing the marketing mix was the publication of Jerome McCarthy's, *Basic Marketing: A Managerial Approach* in 1960. The distinguishing feature of the text was its conceptualization of the marketing mix as the four Ps: Product, Price, Promotion, and Place. McCarthy reduced Borden's 12 variable marketing mixes to the very manageable and memorable 4Ps, and he discussed the marketing mix within his visually appealing marketing manager's framework. Robert Bartels (1976, p. 180) termed McCarthy's text "a landmark book because it lifted the mass of students and practitioners of marketing a step higher in the understanding of how marketing decisions are made."

Since 1960, McCarthy has discussed the marketing mix within the marketing manager's framework - concentric circles with the customer surrounded first by the 4Ps and then by the environmental forces that affect marketing strategy development (i.e. selecting target markets and blending marketing mixes). Emphasizing the marketing concept, the customer is the focal point for the marketing manager's decisions (McCarthy 1960; McCarthy and Perreault 1993). Discussing the 4Ps in the context of marketing strategy development within the marketing manager's framework vividly illustrates the marketing manager's role.

## Marketing Manager's Framework

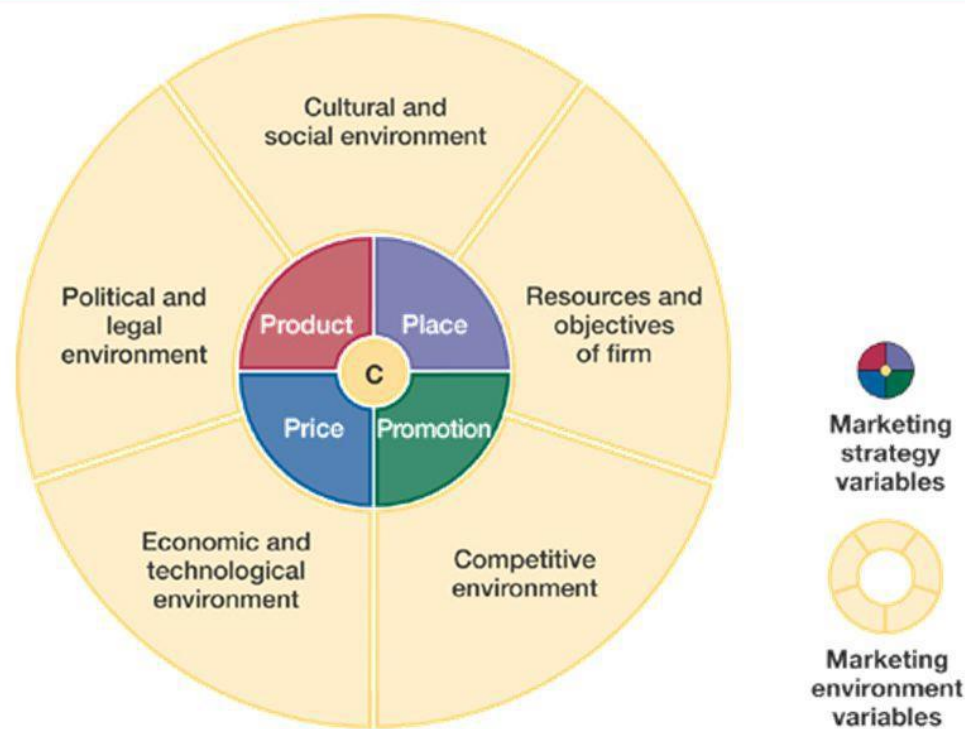


Figure 2.1 Marketing manager's framework

Source: McCarthy, E. Jerome and William D. Perreault, Jr. (1993), *Basic Marketing: A Global-Managerial Approach*. Homewood, IL: Irwin, P. 57

### 2.5. Evaluation of the 4Ps and Alternative Paradigms

Criticisms of McCarthy's 4Ps paradigm have generally fallen into one of two categories. Some have attacked the adequacy of the model itself. In the early 1970s, a flurry of research was published relating to the 4Ps paradigm and/or the framework in which marketing managers make marketing decisions (Lipson and Darling 1971; Kelley and Lazer 1973; and others). However, the alternative paradigms that these authors suggested could not compete with the explanatory power and exhaustiveness of the 4Ps paradigm. The most vocal recent critic of the 4Ps paradigm is Gordon C. Bruner, II (1988, 1989) who suggested replacing McCarthy's 4Ps with his own "Four Cs" - concept, channels, costs, and communication. Bruner's model has received very little support. Many critics of the 4Ps paradigm failed to fully comprehend the fact that McCarthy discussed the 4Ps within the marketing manager's framework. While some

theorists might support Berry's notion of a service variable being a separate marketing mix element, McCarthy's contention that service is better discussed as a vital component of the product is supported. While other historical and contemporary conceptualizations of the marketing mix have failed to gain support, McCarthy's 4Ps have flourished for over three decades despite dramatic changes in the study and practice of marketing. McCarthy's 4Ps have proven to be highly effective as a real-world and academic paradigm.

## **2.6. Implication of Marketing for the Small Business Owner-Manager**

Marketing is important to all businesses, particularly so for a small firm, as appropriate marketing practice can reduce the threat of failure, raise profitability through improving efficiency, and can generally help the organization to set itself a course with specific direction, utilizing resources as beneficially as possible. Let us discuss for a moment some of these implications for small business owners/managers. Let us look at these implications from the perspective of key issues in small business, that is, small firm's survival and the threat of failure.

All small firms must 'grow' to survive. Some might argue that not all small firms are growing and of course this may be true when considering only the movement of sales or profit. However, all firms experience "change". Therefore a small firm's growth, and if you like, its ability to cope with change is marketing-led. That is, to generate growth, a small firm must employ some form of marketing activity, most probably some combination of products, price, promotion, and distribution. Hence, the importance of marketing to small firms. However, it must be acknowledged that in some circumstances marketing is deemed peripheral to a small firm's requirements.

Taking a moment to consider how entrepreneurs USE marketing, it can be argued that entrepreneurs will grasp general marketing concepts, approaches, and theories and use them as they are described in the "general" sense. Therefore, the marketing mix in many small firms will often be described under the headings of the 4 Ps (Products, Prices, Promotion, and Place). Such a general use of this particular marketing concept is both wasteful and inappropriate, and consequently is not seen to function effectively (David Carson and Danielle McCartan-Quinn)

## **2.7. Marketing Mix Strategies and Performance of MSEs**

Business performance has been influenced by marketing mix strategies (product, price, promotion, and place,) independently or jointly. The performance of the small or large business has been depending upon the marketing strategy that has been implemented in the organization. Each strategy has its own positive and negative impact on the performance of the small business. If management activities are right the expected levels of output would be achieved and the other way around for failure. This idea changes the marketing into a strong competitive tool, changes organizational values, beliefs, assumptions, and premises towards a two-way relationship between customers and the firm. When activities of management on marketing strategies are in the right direction, positively influences the performance of SMEs. Performance should affect by the standard of the merchandise, appropriate pricing, marketing promotional mixes, and effective delivery of products, and relationship marketing (Mustapha, 2017). Performance can be determined in several ways such as economic performance, market performance, purchaser performance, sales performances. In this study, the performance of MSEs Measures only the perspective of profitability performance SMEs.

## **2.3. Empirical Literature Review**

The effect of marketing mix on the organization's performance in Utara Malaysia shows that the effective marketing mix strategy (product, price, place, and promotion) will help to boost the performance of the business and can increase profitability in both in short and future (Hasbullah & Bahador, 2019).

The impact of marketing mix strategy on the profitability of selected manufacturing small and medium enterprise (SMEs) in southern region Ethiopia. The study on the effect of the experimental variable that are product, price, and promotion, and place (4ps) and the dependent variable of performance of an enterprise. Depending on the research result, product, price, and promotion strategy have a major positive relationship with the performance of the enterprise in the opposite distribution strategy encompasses a negative relationship with enterprise performance and independent variable (product, price, and promotion) jointly have 29.5% variation on the performance of the enterprise (Kenu, 2019). The impact of marketing mix strategy on performance of small-Scale Businesses in Maiduguri Metropolitan, Borno State

Nigeria. The study mainly focuses on the independent variables (product, price, promotion, and place) and dependent variables of business performance in terms of monetary impact such as return on investment and internal rate of return and nonfinancial impacts like customer awareness, customer attitude, customer experience, etc. The research found that marketing strategy (product, price, promotion, and place,) significantly affecting the performance of business independently and jointly. Each approach has its distinguishing role and impact on the performance of Small businesses. This study also displays the marketing mix strategies were important to small business performance and the performance proportionally depends and goes with the marketing strategy employed (Mustapha, 2017)

The research on the effect of marketing strategies on the performance of small and medium scale enterprises in Kogi State. The study focused on independent variables of marketing mix strategies (product, price, and promotion and place strategies) and therefore the dependent variable of performance in sales and profitability. The research found at the profitability performance of SMEs is significantly influenced by marketing mix strategies (pricing, product, promotion, and distribution). According to the result, pricing and promotion strategies have a significant relationship with the profitability performance of SMEs (Eneajo Ernest & Afaru Garba Sule, 2020).

The research was done on the impact of marketing strategy on business performance in selected small and medium enterprise Oluyole Local Government, Ibadan, Nigeria. The study focused on independent variables that are marketing mix strategy (product, price, promotion and place strategies, packaging, and after-sales service) and therefore the dependent variable of performance in terms of profitability, market share, return on investment, etc. The research study has shown that marketing strategies (product, price, promotion, place, packaging, and after-sales) were significant predictors of business performance independently and jointly. However, the study concludes that promotion has no positive significant effect on the performance of the business (Adewale et al., 2013).

Research on the effect of marketing strategy on business performance, a study on the selected small and medium enterprises in Rajasthan. The study focused on independent variables of marketing mix strategy that are (product, price, promotion, and place) and therefore the dependent variable of performance. The results of the study showed that the marketing mix

strategy (product, price, promotion, and place) has a positive significant influence on the overall performance of a small and medium enterprise (Adewale et al., 2013).

## 2.4. Conceptual Framework

The conceptual framework may be a way that a researcher indicates the link between dependent and independent variables in a study. It shows the connection between them and why they're associated and influence one another. Therefore, to indicate the relationship of marketing mix strategies (product, price, promotion, and place) and the performance of micro and small enterprises the researcher shows in the following diagram.

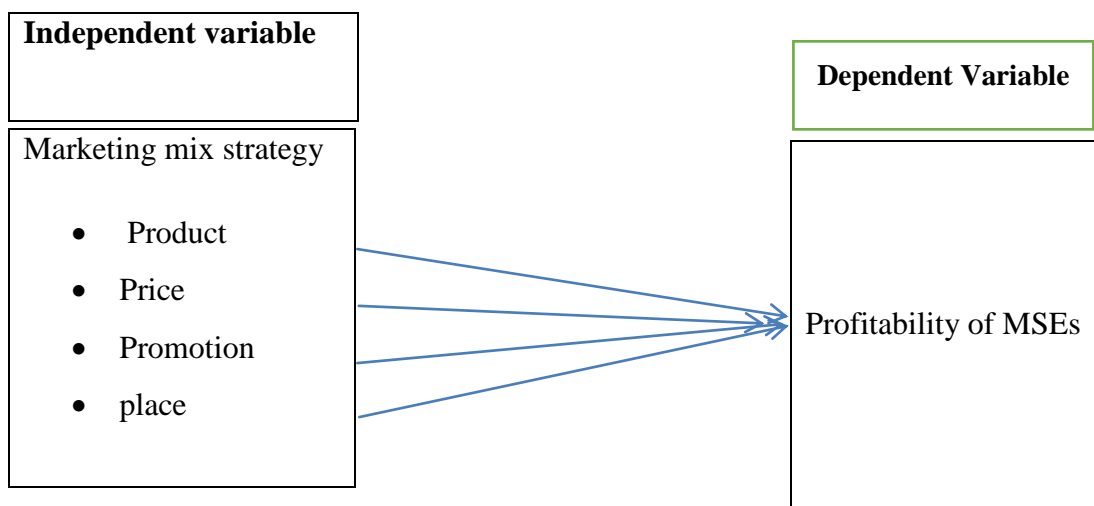


Figure 2.1 conceptual frameworks

Source: (researchers own development 2021)

## **CHAPTER THREE:**

### **RESEARCH METHODOLOGY**

#### **3.1. Introduction**

This chapter describes a brief discussion of the study area, the sources and methods of data collection, research approach, research design, the population, and the sample size, also as a selection of analytical model, will be employed and the estimation procedure followed during the analysis.

#### **3.2. Description of the Study Area**

According to the 2007 census, Addis Ababa city has a population of 2, 739, 55 inhabitants. It lies at an elevation of 2,355 meters (7,726 ft.) and is grassland, located at 9°1'48"N 38°44'24"E. The city is divided into 10 boroughs, called sub-cities. Kolfe keraniyo sub-city is located in the western parts of the city, near the Gefersa Reservoir. It borders with the districts of Gullele, Addis Ketema, Lideta, and Nifas Silk-Lafto. Kolfe keraniyo sub-city is the one which is the largest sub-city that has 61.25 km<sup>2</sup> areas and divides into 15 woreda administrations. According to the 2007 census, the sub-city has 546,219 populations which, is the first one from other sub-city in terms of population number. This create an opportunity for the enterprise development and creation of job opportunity (Central Statistical Authority April 2012).

#### **3.3. Research Approach**

Research approaches are quantitative, qualitative, or mixed (Khairuzzaman, 2016). It is a specific plan and also the methods for inquiries that pass the steps from general assumptions to specific ways of data gathering, analysis, and interpretation. This research has involved several decisions, to pick out the suitable approach that the researcher was employed to inquire about the research topics. A quantitative research approach is an approach for testing objective theories by investigating the link between variables. For this study, the researcher was followed a quantitative research approach to check the impact of marketing mix strategy on the profitability of selected manufacturing micro and small enterprise that is found in kolfe keraniyo sub-city administration.

### **3.4. Research Design**

A research design is the arrangement of conditions for the collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure. In fact, the research design is the conceptual structure within which research is conducted; it constitutes the blueprint for the collection, measurement and analysis of data (Kothari, 2004). This study was investigate the impact of marketing mix strategies practices on profitability of SMEs based on fundamental theories, principles and management philosophies that are supposed to be effective parameters just to evaluate the actual impact SMEs. Therefore, the researcher preferred to use the explanatory research design to explain the relationship between two or more variables using theories and hypotheses to test the impacts of marketing mix strategies practice and the profitability of an enterprise. The data are going to be collected just once a time. Dependent and independent variables were measured at the same point in time by using the single questionnaire.

### **3.5. Population of the Study**

Population refers to any collection of specified groups of human beings or of non-human entities such as objects, educational institutions, time units, geographical areas, etc. According to secondary data collected from the MSEs Office of kolfe keraniyo sub-city, there are 887 active manufacturing enterprises owns or manages. These form the population of the study. Hence the study was concerned about MSEs Owners or managers engaged in woodwork, metalwork, leather production, chemical, and detergent, recycles, handicraft operators, food processing, garment, and, construction input. From the above sub-sectors, 577 enterprise owners or managers were purposively selected as a target population that is formed in woodwork, metalwork, leather production, chemical, and detergent recycles, and handicraft operators. The sectorial compositions are woodwork (302); metalwork (159); leather production (42); chemical and detergent (21); recycle (18); and handicraft (35). The reasons to select the above sub-sectors are more than 65% ( $577/887*100$ ) of the total small and micro manufacturing enterprises were engaged in the above-selected sub sectors. The sample size selected here is considered representative of all subsectors and also large enough to allow for the precision and confidence of the research findings.

### 3.6. Sampling Technique

Stratified sampling technique is generally applied in order to obtain a representative sample. Under stratified sampling the population is divided into several sub-populations that are individually more homogeneous than the total population (the different sub-populations are called 'strata') and then we select items from each stratum to constitute a sample. Since each stratum is more homogeneous than the total population, we are able to get more precise estimates for each stratum and by estimating more accurately each of the component parts; we get a better estimate of the whole (Kothari, 2004).

The study was applied stratified and simple random sampling method to select samples of MSEs Owners from each stratum (sectors) via lottery method in which individual units are picked up from the whole group by some mechanical process. In the lottery method all the items of the universe are numbered on separate slips of paper of same size, shape and color. They are folded and mixed up in a drum or a box or a container. A blindfold selection is made. Required numbers of slips are selected for the desired sample size. The selection of items thus depends on chance.

### 3.7. Sample size

A sample may be a selected group of some elements/ respondents from the target population. To calculate the representative sample size the researcher was able to adopt a mathematical formula to determine the sample size. Yemane (1967) has suggested the subsequent mathematical formula for determining sample size since it had been relevant to studies where a probability sampling method will employ.

$$n = \frac{N}{1 + N(e)^2}$$
$$n = 577 / 1 + 577(0.05)^2, n = 236$$

Where, N: Total population

n: Sample size

e: The error or confidence level

A confidence level of 95% has been applied to make sure accurate results from the sample. Supported this, the error term would be equal to 0.05. Based on the calculation the sample sizes are 236. It is large enough to permit precision and confidence.

Total respondents for every enterprise are selected on a proportional basis using a ratio of every term of selected total enterprises owners or managers were calculated as follows:

$$\text{Woodwork: } 302/577 * 236 = 124$$

$$\text{Metalwork: } 159/577 * 236 = 65$$

$$\text{Leather production: } 42/577 * 236 = 17$$

$$\text{Chemical and detergent: } 21/577 * 236 = 9$$

$$\text{Recycle: } 18/577 * 236 = 7$$

$$\text{Handicraft: } 35/577 * 236 = 14$$

$$\text{Total-----} = 236$$

### **3.8. Data Sources and Types**

In research, there are mainly two types of data sources: primary and secondary. The major sources of secondary data are previous researches on the topic, books, articles and journals, and websites used to gather theoretical and conceptual information about the study. While primary data sources are individuals or owners of enterprises that provide data or information about specific research problems through structured questionnaires. This study was conducted based on both primary and secondary data sources. The secondary data source was used to describe the theoretical and conceptual clarification about the study and primary sources have been used to gather information about the specific research problem from enterprise owners or managers.

### **3.9. Data Collection Procedure**

The researchers followed different methods to gather information about the problem like gathered data directly through structured and unstructured interviews, by using electronic mail, by designing a close-ended questionnaire and distribute it to the respondents and receive on paper, by focus group discussion, etc. (Academy & Journal, 1986). For this study, the

researcher has adapted a structured close-ended questionnaire from previous research that was similar to this research topic and test the reliability and validity of instruments via Cronbach's alpha. The questionnaire has two parts. The first part has been used to collect demographic characteristics of the sample respondents, while the other parts used to collect data about the impact of the marketing mix strategy practices on SMEs and the profitability of enterprise in the case of kolfekeraniyo sub-city administration. Psychometrics techniques were being developed; to have reliability and simple development it was found to be suitable for the questionnaires (Joshi et al., 2015). Therefore, to measure the impact of marketing strategy on the profitability of MSEs the questionnaire had 5-point Likert scales ranging from strongly disagree, mentioned by 1, to strongly agree mentioned by 5. This scale was used to test to what extent marketing mix strategy influences the profitability of SMEs. The questionnaires were prepared in English language and translated into the local language, Amharic to ensure the understandability and reliability of information for respondents.

### **3.10 Measure of Variables**

A measurement variable is an unknown attribute that measures a particular entity and can take one or more values. Measurements variables can not only take quantitative values but can also take qualitative values in statistics. How we measure variables is called the scale of measurements, and it affects the type of analytical techniques that can be used on the data, and conclusions that can be drawn from it. Measurement variables are categorized into four types, namely; nominal, ordinal, interval, and ratio variables. Measurement is the process of assigning numbers to objects or observations, the level of measurement being a function of the rules under which the numbers are assigned. Technically speaking, measurement is a process of mapping aspects of a domain onto other aspects of a range according to some rule of correspondence (Kothari, 2004). For this study, the nominal and ordinal scale of measurement was used to measure the demographic variables and factor variables respectively.

### **3.11. Data Analysis Techniques**

The collected data were analyzed and interpreted by using descriptive and inferential statistical tools. The demographic information was analyzed by using frequency and percentage. Descriptive Statistics were used to present quantitative descriptions of the response of respondents for each question via mean and standard deviation and, inferential statistics were

used to analyze the correlation between variables and to investigate the impact of marketing mix strategy practices on the profitability of enterprise by using a Pearson correlation and multiple regression analysis through statistical packaging for social science (SPSS) version 23.

### 3.12. Model Specification

Models should be formulated to give the right answer to the research question. Therefore, the following model was formulated for this study. The reliability and validity of the model were recognized and used in this study to analyze and interpret the result of the study. The independent variables of the model are: product, price, promotion, and place and the dependent variable are the profitability of SMEs. Based on these variables the following regression model was developed to indicate the prediction of the dependent and independent variables.

$$Y=\beta_0+\beta_1x_1+\beta_2x_2+\beta_3x_3+\beta_4x_4+e$$

The left side variable y has shown the dependent variable in the model which is the performance of MSEs in terms of profitability. And the right-side variables x consists of independent variables in the model, x1 denotes product, x2 denotes price, x3 denotes promotion, and x4 denotes place,  $\beta_0$  denotes constant,  $\beta$  denotes coefficient and, e represents error terms.

Therefore, the multiple regression models were developed as follows:

$$P=\beta_0+\beta_1 (Pt.) +\beta_2 (Pr) +\beta_3 (Pro) +\beta_4 (Pla) +e$$

**Where,** P=profitability,

Pt =product,

Pr=price,

Pro=promotion and,

Pla=place

### **3.13. Validity and Reliability Test**

#### **3.13.1 Validity**

Validity refers to how accurately a method measures what it is intended to measure. If research has high validity, which means it produces results that correspond to real properties, characteristics, and variations in the physical or social world. And validity determines the research measures truly or that which it had been proposed to quantify or how honest the research findings are. It is interesting whether the results are really about what they appear to be about. Researchers generally determine validity by asking a series of questions, and will often look for the answers in the research of others (Joppe, 2000). The questionnaire was adapted and carefully designed based on the regression model. It was also reviewed, commented upon, modified, and finally approved by the advisor and experts having experience in the research area.

#### **3.13.2. Reliability**

Reliability refers to how consistently a method measures something. If the same result can be consistently achieved by using the same methods under the same circumstances, the measurement is considered reliable. And the degree to which results are an accurate representation of the total population under study and consistent over time and if the results of a study can be reproduced under a similar methodology, then the research instrument is considered to be reliable (Joppe, 2000).

As various items in all constructs were used the internal consistency (reliability of marketing mix practices and enterprise profitability performance were evaluated with Cronbach's alpha and the reliability of value for all constructs are all greater than 0.70 which are regarded as allowable. That means the targeted questions raised in the questionnaires are capable to meet the objective of the study. Therefore, the reliability test accomplished that all the items of the pilot questionnaire have been reliable since the scores of the test were higher than 0.7, as indicated in table 3.1. Hence, the responses generated for all of the variables used in this research are reliable enough for the data analysis. The summary of reliability of marketing mix practice and enterprise profitability performance was present in the following table below.

Table 3.1: Cronbach's alpha value

variables	items	Cronbach's alpha
product	8	.702
price	7	0.814
promotion	7	0.869
place	4	0.806
profitability	8	0.926
Overall	34	0.0966

Source: adapted from Simegn (2017)

### 3.13. Ethical Consideration

The study was entirely devoted to examining the impact of marketing mix strategy on the profitability of MSEs in case of kolfe keraniyo sub-city and examine to what extent marketing mix strategy influence the success of their business to give recommendation for future improvement of and maintain effective marketing mix strategy. The research was not interested to defame or abuse or expose the secrets of the MSEs in any way to the public. To realize this fact, a formal letter was writing from Addis Ababa University, Department of management for permission of the enterprises to gain the required information. The study respondents were informed about the objective of the research. The effect of marketing mix strategy on the profitability of MSEs is measured objectively, based on information collected from respondents. Finally, confidentiality was assured and the data make to be kept by avoiding personal identifiers.

## **CHAPTER FOUR**

### **Data Analysis, Interpretation, and, presentation**

#### **4.1. Introduction**

In this chapter the data were collected from respondents to test the relationship between marketing mix strategy practice and profitability of SMEs. Data is analyzed and interpreted using statistical packaging for social science (SPSS) version 23. The data was collected by using a close-ended questionnaire that was developed on a five scale range from one to five where 1 strongly disagrees, 2 disagree, 3 neutral, 4 agree, and 5 strongly agree. A total of 236 questionnaires were distributed to selected SME owners /managers that are engaged in manufacturing sectors in the case of the kolfe keraniyo administration. This chapter consists mainly, data analysis interpretation and presentation.

The response rate of the questionnaire was discussed as follows: From a total of 236 questionnaires, 223(94.49%) were returned and valid to use for analysis. The returned questionnaire in each sub-sectors are, woodwork from 124 questionnaires 116(93.5%), metalwork from 65 questionnaires 62(95.4%), leather production from 17 questionnaires 16(94.1%), recycle from 7 questionnaires 6(85.7%), and the rest handicraft and chemical and detergent 14 and 9 were 100% returned respectively.

#### **4.2. Demographic characteristics of Respondents**

Demographic factors are very important indicators of performance in any business and are the basis for research questionnaire turnout. Even though demographic distinctiveness is not having a great influence on this study, the researcher considers some of them which are supposed to have an association to the study. Hence, the demographic characteristics of gender, age, educational level, marital status, types of business ownership, sectors SMEs were engaged in.

Table 4.1 demographic characteristics of respondents

		Frequency	Percent	Valid percent	Cumulative percent
Gender	Male	148	66.4	66.4	66.4
	Female	75	33.6	33.6	100.0
	Total	223	100.0	100.0	
Age	18-25 years	36	16.1	16.1	16.1
	26-30 years	71	31.8	31.8	48.0
	31-40 years	65	29.1	29.1	77.1
	41-50 years	34	15.2	15.2	92.4
	Above 51 years	17	7.6	7.6	100.0
	Total	223	100.0	100.0	
Educational level	10 <sup>th</sup> grade	92	41.3	41.3	41.3
	12 <sup>th</sup> grade	63	28.3	28.3	69.5
	Elementary school	46	20.6	20.6	90.1
	First degree	22	9.9	9.9	100.0
	Total	223	100.0	100.0	
Marital Status	Married	110	49.3	49.3	49.3
	Single	92	41.3	41.3	90.6
	Divorce	15	6.7	6.7	97.3
	Widowed	6	2.7	2.7	100.0
	Total	223	100.0	100.0	
Types of Business Ownership	Other	4	1.8	1.8	1.8
	Partnership	20	9.0	9.0	10.8
	Share company	102	45.7	45.7	56.5
	Sole proprietorship	97	43.5	43.5	100.0
	Total	223	100.0	100.0	
Sectors SMEs Were Engaged	Chemical and detergent	9	4.0	4.0	4.0
	Handicraft	14	6.3	6.3	10.3

	Leather production	16	7.2	7.2	17.5
	Metalwork	62	27.8	27.8	45.3
	Recycle	6	2.7	2.7	48.0
	Woodwork	116	52.0	52.0	100.0
	Total	223	100.0	100.0	

Source: own survey 2021

The above table 4.1 information shows that; 148(66.4%) of the respondents were male and, 75(33.6%) of the respondent were female. According to this survey male, SMEs owners or managers are higher than female SMEs owners by 32.8 %. This indicates that most enterprises were owned by males and female participation in enterprise creation was low.

According to the age of respondents the above table information shows that; 71(31.8%) of the SMEs owners include in the sample were between the age group of 26-30 years, 65(29.1%) were between the age group of 31-40 years, 36(16.1%) were between the age group of 18-25 years, 34(15.2%) were between the age group of 41-50 years and, 17(7.6%) of the respondents were above 51 years. This shows that the majority of SME owners were between the ages of 26-40 years this is a productive age group therefore, there is a potential advantage of SMEs were formed by young owners to achieve their objectives.

Based on educational level of the respondents the above level information shows that; 92(41.3%) of the SMEs owners included in the sample were 10th grade complete, 63(28.3%) were 12th grade complete, 46(20.6%) were elementary school complete and, 22(9.9%) of the respondents were had a first degree. This shows that the degree holder's participation in enterprise creation was low this may have impacts on understanding and implement the marketing mix strategy effectively and it may factor to achieve its long-term objectives. The marital status of the respondents are 110 (49.3%) of the respondents included in the sample were married, 92(41.3%) were single, 15(6.7%) were divorced and, 6 (2.7%) of the respondents were widowed. This indicates that the majorities of the SME owners or managers were married and matured this may have the advantage to manage the enterprise effectively and it may help to achieve its long-term objectives.

As shown in the above table the enterprises of the sample were formed in different type's business ownership. 102(45.7%) of the enterprise include in the sample were formed under

share company, 97(43.5%) were formed under sole proprietorship, 20(9%) of the enterprise were formed under partnership and, the rest 4(1.8%) of the enterprise were formed under other types business ownership and the enterprises that were included in the sample were engaged in different sub sectors in manufacturing sectors the above table information shows that; 116(52%) were engaged in woodwork, 65(27.8%) were engaged in metalwork, 16(7.2%) were in leather production, 14(6.3%) were in handicraft, 9(4%) were in chemical and detergent and the rest 6(2.7%) were engaged in recycling. This shows that more than half of the enterprise was involved in woodwork.

### **4.3. Descriptive Analysis of Marketing Mix Strategies**

Marketing strategy is one of the important factors of organizational performance. However, a good strategy that exists is no guaranty of success. An effective strategy needs effective implementation, evaluation, and control systems. This part of the questionnaire was used to get information from respondents about the impact of marketing mix strategy on the profitability of the SMEs and interpreted the result by using descriptive statistics. Descriptive Statistics are used to present quantitative descriptions in a very manageable type and support us to simplify large quantities of data sensibly. For this study mean and standard deviation were used to describe the results. Mean is that the average level perceived in some piece of information. The higher mean value indicates the higher expectation or the agreement on a statement and vice versa, while standard deviation describes the variance, or how dispersed the data observed in that variable is distributed around its mean. The low standard deviation shows that data are clustered around the mean and the high standard deviation indicates data are more spread out. Standard close to zero indicates that the data points are close to the mean, whereas a high or low standard deviation indicates data points are respectively above or below the mean.

The minimum and maximum responses of each of this research are range from 1 to 5 for all the variables used in descriptive statistics. The mean value represents the average response of all representatives on a certain dimension. Mean scores 4.51-5.00 excellent or very good, 3.51-4.50 good, 2.51-3.50 average or moderate, 1.51-2.50 fair, and 1.00-1.50 is poor (Poonlar Btawee:1987) cited in Welela (2019) while, the standard deviation shows how diverse the response of respondents are.

### 4.3.1. The product Strategy Practice in the Case of SMEs

To get information about the impact of product strategy on the profitability of SMEs eight questionnaires were distributed to selected owners/managers of manufacturing enterprises and the result was presented in the following table.

Table 4.2 Mean result of product strategy

Product item	N	Mean	Std. Deviation
Your enterprise produces a variety of product to meet customer needs.	223	4.12	.961
The brand name influence profitability of the enterprise.	223	3.63	1.018
Customers complain about the quality of your product.	223	3.03	1.123
Your product meets the customer requirements.	223	3.67	.868
The packaging is effective.	223	2.95	1.126
In your opinion the product quality that the company offers is very good.	223	3.72	.966
You provide product warranty.	223	3.85	.877
Other departments in the enterprise cooperate with the marketing department to ensure quality.	223	2.98	1.133
Valid N (listwise)	223	<i>Average mean</i>	<i>Average Std.deviation</i>
		3.55	1.01

Source: own survey 2021

Std. Deviation =Standard Deviation

According to table 4.2, the mean score of product strategy ranges from 2.95 to 4.12. The highest mean from dimension one was followed by dimension seven and the least mean was scored from item five. The mean score from dimension five which is 2.95 shows that most of the respondents disagree with the item. And the standard deviation of the respondent varies from

1.133 to 0.868 with their response to the variable product strategy. The overall core of product strategy is 3.55 shows that more of the respondents neutral to the product item.

### 4.3.2. Pricing Strategy Practice in SMEs

To collect information about the impact of pricing strategy on the profitability of SMEs seven questionnaires were distributed to selected owners/managers of manufacturing enterprises and the status was shown in the following table.

*Table 4.3 Mean result of pricing strategy*

Price items	N	Mean	Std. Deviation
The price charged for the product is appropriate.	223	3.87	.978
The pricing policy provides room for discounts.	223	3.57	.965
The pricing decisions allow for a payment period.	223	2.85	1.152
The pricing strategy gives room for a large customer base.	223	3.95	.899
The pricing strategy adopted contributes to Increase the profit and helps in achieving the objectives.	223	3.77	.914
The pricing decision allows for credit terms.	223	3.13	1.076
The pricing policy adopted provides room to respond quickly to market changes.	223	2.83	1.133
Valid N (listwise)	223	<i>Average mean</i>	<i>Average Std.deviation</i>
		3.42	1.02

Source: own survey 2021

According to table 4.3 the mean score of the pricing strategy range from 2.83 to 3.95. The highest mean scored from dimension four was followed by dimension one and the least mean scored from item seven. The mean score from dimension seven which is 2.83 shows that most of the respondents disagree with the item. And the standard deviation shows the respondent varies from 1.133 to 0.914 with their response to the variable on pricing strategy. The overall score of the pricing strategy items is 3.42 shows that more of the respondents' are neutral with the price item.

### 4.3.3. Promotion Strategy Practice on SMEs

To collect information about the impact of promotion strategy on the profitability of SMEs seven questionnaires were distributed to selected owners/managers of manufacturing enterprises and the status was shown in the following table.

Table 4.4 Mean result of promotion strategy

Promotion item	N	Mean	Std. Deviation
People are aware of your product based on your promotional strategy.	223	3.06	1.105
Your enterprise uses advertising as one of its promotional strategies.	223	2.48	1.061
Your enterprise uses sales promotion as one of its promotional strategies.	223	2.50	1.110
Your enterprise uses personal selling as one of its promotional strategies.	223	2.66	1.087
Your enterprise applies publicity as one of its promotional strategies.	223	3.71	1.103
Your enterprise uses direct marketing as one of its promotional strategies.	223	3.20	1.064
The promotional strategy adopted by you influences the profitability of your business.	223	3.52	1.255
Valid N (listwise)	223	<i>Average mean</i>	<i>Average Std.deviation</i>
		3.06	1.11

Source: own survey 2021

According to table 4.4 the mean score of the dimension of promotion strategy range from 2.48 to 3.71. The highest mean scored from dimension five was followed by dimension seven, and the least mean scored from dimension two. The mean score from dimension two which is 2.48

shows that most of the respondents disagree with the item. And the standard deviation shows the respondent varies from 1.255 to 1.064 with their response to the variable promotion strategy. The overall score of promotion strategy is 3.06 shows that more of the respondents neutral with the promotion item.

#### 4.3.4. Place/ Distribution Strategy Practice on SMEs

To collect information about the impact of place/distribution strategy on the profitability of SMEs four questionnaires were distributed to selected owners/managers of manufacturing enterprises and the status was shown in the following table.

*Table 4.5 Mean result of place strategy*

Place item	N	Mean	Std. Deviation
Your products get to the target customers Through your distributional channels.	223	3.67	1.064
Locations of the products aid accessibility.	223	3.71	.905
The channel coverage is effective.	223	3.22	.916
Transportation system is effective.	223	3.06	.947
Valid N (listwise)	223	<i>Average mean</i>	<i>Average Std.deviation</i>
		3.42	0.958

Source: own survey 2021

According to table 4.5, the mean score of dimension place strategy ranges from 3.06 to 3.71. The highest mean scored from dimension two was followed by dimension one and the least mean score from item four. The mean score from dimension four which is 3.06 shows that most respondents are neutral to the item. And the standard deviation shows the respondent varies from 1.064 to 0.905 with their response to the variable place strategy. The overall score of the place strategy dimension is 3.42 shows that more respondents neutral with the place item.

### 4.3.5. The Elements of profitability SMSs

To collect information about the impact of marketing mix strategy on the profitability of SMEs eight questionnaires were distributed to selected owners/managers of manufacturing enterprises and the status was shown in the following table.

*Table 4.6 Mean result of profitability of SMSs*

Profitability item	N	Mean	Std. Deviation
In the last three years, your enterprise has achieved the maximum profit due to the use of an appropriate product strategy.	223	3.94	.916
Your enterprise has achieved the maximum profit due to the use of an appropriate pricing strategy.	223	3.77	.924
Your enterprise has achieved maximum profitability due to the use of an appropriate promotional strategy.	223	2.95	1.077
Your enterprise has achieved maximum profitability due to the use of an appropriate distribution strategy.	223	3.12	1.097
In general, your enterprise has achieved the maximum profit due to the use of an appropriate marketing mix.	223	3.21	.928
Customers derive satisfaction as a result of the application of an appropriate marketing mix. Strategies.	223	3.47	.934
The application of place strategies gives room for product accessibility.	223	3.60	.934
The applications of strategies to promotional activities give room for product awareness.	223	3.58	1.041
Valid N (listwise)	223	<i>Average</i>	<i>Average</i>
		<i>mean</i>	<i>Std.deviation</i>
		3.46	0.981

Source: own survey 2021

According to table 4.6, the mean score of dimension profitability ranges from 2.95 to 3.94. The highest mean score is from demotion one, followed by dimension two and the least mean score from dimension three. The overall score of profitability is 3.46 shows that the profitability of a small and micro-enterprise is good. And standard deviation shows the respondents vary from 0.916 to 1.097 with their response to the profitability of an enterprise. So, we can conclude that more of the respondents neutral on the profitability of SMEs are good.

#### **4.3.6. Summary of the Perception of The Respondents about Marketing mix Strategy and Profitability of the Enterprise**

*Table 4.7 Summary of the Perception of The Respondents about marketing mix strategy and profitability of the enterprise*

variables	N	Mean	Std. Deviation
product	223	3.55	1.01
price	223	3.42	1.02
promotion	223	3.06	1.11
place	223	3.42	0.958
profitability	223	3.46	0.981
Valid N (listwise)	223		

Source: own survey 2021

The above table summarizes the mean and standard deviation of the marketing mix strategy perceived by the respondents. It shows the respondents agreement with the four variables of determinants of profitability of enterprise by giving the higher rate scale of the product had a mean score of 3.55 with SD of 1.01 followed by place had a mean score of 3.42 with SD of 0.958, the price had a mean score of 3.42 with SD of 1.02 and promotion had a mean score of 3.06 with SD of 1.11. This shows that marketing mix strategy variables (product, price, promotion, and place) are the predictors of dependent variable profitability. Besides the

perception of the respondents towards profitability had a mean score of 3.46 with an SD of 0.981.

#### 4.4. Diagnostic Tests of Assumptions of Classical Linear Regression Model

##### 4.4.1. Normality Test

This assumption checks whether or not the information is well showed by normal distribution or not. This test of normal distribution could be checked by the graphical (dot plot) method of tests. The assumption was tested by using a normal probability plot (NPP). The choice rule is, if the fitted line within the NPP is around a straight line, one will conclude that the variables of interest are normally distributed (Gujarati, 2004). From the result residuals of the model were approximately normally distributed, because the fitted line on the NPP approximately straight line.

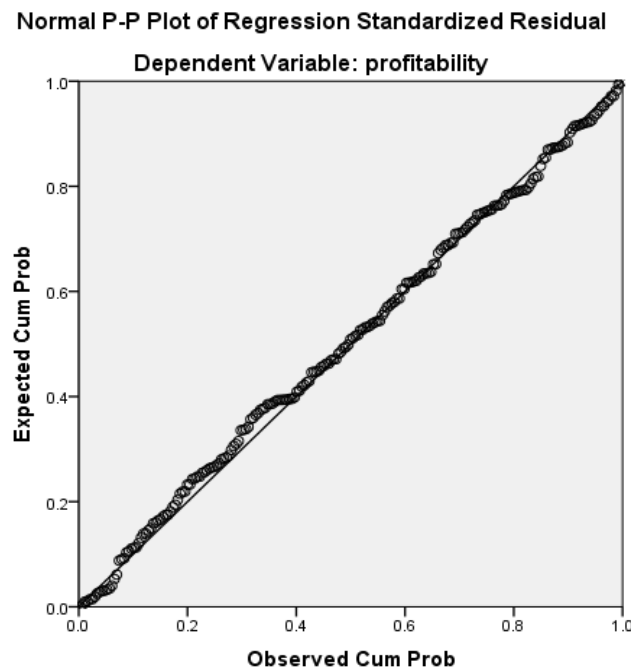


Figure 4.1 Normal p-p plot of regression standardize Residual

Source: own survey 2021

#### 4.4.2. Multicollinearity Test of the Independent Variable

Multicollinearity exists whenever an explanatory variable is much correlated with one or more of the other independent variables in a multiple regression equation. Multicollinearity may be difficult as a result of it undermines the statistical significance of an explanatory variable. For this study result of the Multicollinearity test of the independent variable is displayed in the following table.

*Table 4.8 Multicollinearity test of the independent variable.*

Model	Collinearity Statistics	
	Tolerance	VIF
1 Product	.638	1.569
Price	.593	1.685
Promotion	.849	1.178
place	.866	1.155

a. dependent variable profitability

Source: own survey 2021

*Note.* VIF = variance inflation factor.  
TOL=Tolerance

The variation inflation factor (VIF) is a measure of the reciprocal of the complement of the inter-correlation among the independent variables. The decision rule is a variable whose VIF value is greater than 10 indicates the possible existence of the multicollinearity problem. Tolerance (TOL) is a statistic used to show the variability of the specified independent variable that is not explained by another independent variable in the model. It is also used by many researchers to check on the degree of Collinearity. The decision rule for tolerance is a variable whose tolerance value is less than 0.1 shows the possible existence of a multicollinearity problem (Gujarati, 2004).

From the above table information, all VIF variables less than 10, and all tolerance is greater than 0.1, therefore, this study has no multicollinearity problem.

#### 4.4.3. Homoscedasticity Test

Homoscedasticity of variances is an assumption of similar variances in several teams being compared. To check for homoscedasticity (constant variance) the Levine's test was employed.

It was used to test whether the variances of the two samples are approximately equal. To conduct Levine’s test and check the Homoscedasticity of the variances of the first group and the variances of the second groups used the following table.

*Table 4.9 Levine’s Test of Equality of Error Variances*

Dependent Variable: profitability

F	df1	df2	Sig.
.037	219	3	1.000

Tests the null hypothesis that the error variance of the explained variable is equal across teams.

a Design: Intercept + product + price + promotion + place + product \* price \* promotion \* place

In Levine’s test, there are two assumptions to decide whether there is equal variance or not between different groups:

The first Assumption is if the significant value of Levine’s test is greater than 0.05 the Levine’s test is non-significant and equal variance is assumed.

The second assumption is if the significant value of Levine’s test is less than 0.05 the Levine’s test is significant so, equal variances are not assumed.

Based on the above two assumptions and the above table information indicates that the significant value is greater than 0.05 (1.000>0.05) shows that Levine’s test is non-significant and the equal variance is assumed therefore, the Homoscedasticity assumption of this study was not violated.

The study discussed three major assumptions that must be fulfilled for one to analyze data using multiple linear regression models. So, since all three assumptions were not violated, so, the researcher was examined the data collected by the questionnaires using correlation and multiple linear regression models to examine the relationship of variables.

#### **4.5. Correlation Analysis**

This part analyzes the linear relationship between marketing mix strategy (product, price, promotion, and place) practices on SMEs with profitability. The possible range of correlation

values is from -1 to+1. The negative sign shows that there is a negative relation with variables, whereas the positive sign shows a positive relationship with variables. Cohn's (1988) classification of the strength of the relationship is presented as follows: The correlation value of  $r$  0.10-0.29 is a small positive correlation; the correlation value of  $r$  0.30-0.49 is a medium positive correlation, and the correlation value of  $r$  0.50-1 is a large positive correlation. Based on this range the study was analyzed by using statistical packaging for social science(SPSS) version 23. The results were presented and interpreted in the following table.

Table 4.10 Correlation between marketing mix strategy and profitability of SMEs

		product	price	promotion	place	profitability
product	Pearson Correlation	1				
	Sig. (2-tailed)					
	N	223				
price	Pearson Correlation	.589**	1			
	Sig. (2-tailed)	.000				
	N	223	223			
promotion	Pearson Correlation	.280**	.365**	1		
	Sig. (2-tailed)	.000	.000			
	N	223	223	223		
place	Pearson Correlation	.296**	.326**	.230**	1	
	Sig. (2-tailed)	.000	.000	.001		
	N	223	223	223	223	
profitability	Pearson Correlation	.347**	.421**	.404**	.367**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	223	223	223	223	223

\*\* . Correlation is significant at the 0.01 level (2-tailed).

Source: own survey 2021

The above Pearson correlation coefficient table 4.15 indicated that the correlation between marketing mix strategy (product, price, promotion, and place) and the profitability of SMEs. The result shows that a medium positive relationship was found between price strategy and profitability ( $r=.421$ ,  $p<.01$ ), promotion strategy and profitability ( $r=.404$ ,  $p<.01$ ), place strategy and profitability ( $r=.367$ ,  $p<.01$ ), and, product strategy ( $r=.347$ ,  $p<.01$ ), which are statistically significant at 99% of confidence level.

## 4.6. Multiple Regression Analysis

### 4.6.1. Regression Analysis between Marketing mix Strategy and Profitability of SMEs

Regression analysis is computed to describing and evaluating the relationship between a dependent variable with one or more independent variable(s). It is used to know the relationship between variables and by how much the dependent variable is influenced by the independent variable independently or jointly. The statistical relationship between marketing mix strategy (product, price, promotion, and place) with the profitability of the enterprise were indicated in the following model summary.

*Table 4.11 regression analysis between marketing mix strategy practice and profitability enterprise*

Model summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.547 <sup>a</sup>	.299	.286	3.26606

a. Predictors: (Constant), place, promotion, product, price

Source: own survey 2021

The above table regression analysis model summary shows that the R-value is 0.547. The sign of R indicates the direction of relation (negative or positive) whereas the absolute value of R shows the strength of a relationship and measure the quality of the prediction of the dependent variable.

Therefore, the R-value (.547) for the overall marketing mix strategy suggested that there is a strong positive linear relationship between the four independent variables and the profitability of the enterprise.

The R-square (R<sup>2</sup>) is the proportion of variation in the dependent variable explained by the regression model. It can also show that the coefficient of determination i.e. R square value is .299, which represents that 29.9% of the variation of the dependent variable (average profit

ability) was because of the independent variables (marketing mix) product, price, promotion, and place strategy. The remaining 70.1% percent of the change in SMEs profitability is caused by another factor that is not included in this study.

The Adjusted R square (*adj.R2*) is another important factor. The value of .286 indicates true 28.6% of the variation in the outcome variable is explained by the predictors which are to keep in the model. The standard error could be a measure of the precision of the model. It's the quality deviation of the residuals. It shows how the wrong one could be used in the regression model to make predictors or to estimate the dependent variable. In this case on the average estimate of the profitability of SME was wrong by 3.26606 it is large. The standard error is wished to be as small as possible it is also used to get a confidence interval for predicted values.

*Table 4.12 the regression analysis ANOVA between marketing mix strategy and enterprise profitability*

**ANOVA<sup>a</sup>**

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	992.934	4	248.234	23.271	.000 <sup>b</sup>
Residual	2325.441	218	10.667		
Total	3318.375	222			

a. Dependent Variable: profitability

b. Predictors: (Constant), place, promotion, product, price

Source: own survey 2021

The F- ratio in the ANOVA table 4.12 tests whether the overall regression model is a good fit for the data. The F test can be used to measure the overall model significance of the estimated regression the result in the table shows that the independent variable statistically significantly predict the dependent variable,  $F(4,218) = 23.271$ ,  $p(.000) < .05$  (i.e., the regression model is a good fit of a data. This shows that the model was statistically significant which indicates that there is a significant relationship between marketing mix strategy (product, price, promotion, and place) and profitability of the enterprise.

#### 4.6.2. Regression Analysis Coefficient

To examine the significant factors that influence the profitability of an enterprise from marketing mix strategies (product, price, promotion, and place) multiple regression were computed.

Table 4.13 Regression coefficient

Model	Unstandardized coefficient		Standardized coefficient	t	Sig
	B	Std. error	Beta		
(Constant)	9.217	1.803		5.113	.000
Product	.102	.079	.091	1.288	.199
1 Price	.202	.073	.205	2.782	.006
Promotion	.222	.054	.254	4.124	.000
place	.381	.108	.215	3.525	.001

a. dependent variable profitability

Source: own survey 2021

In the above table, unstandardized coefficients indicated how much the dependent variable varies with independent variables; all independent variables have positive effects at a 95% confidence level. Based on the regression equation established:

- ✓ Taking all four independent variables (product, price, promotion, and place) is held constant the profitability of the enterprise would be 9.217.
- ✓ Holding other factors constant, for a unit increase product strategy; the profitability of the enterprise would be increased by 10.2%.
- ✓ Holding other factors constant, for a unit increases in price strategy; profitability of enterprise would be increased by 20.2%.
- ✓ Holding other factors constant, for a unit increased promotion strategy; profitability of enterprise would be increased by 22.2%. And
- ✓ Holding other factors constant, for a unit increase place strategy profitability of the enterprise would be increased by 38.1%.

Furthermore, the study aims to identify which of the independent variables influence the most to the prediction of the dependent variable. This information can be investigated through

standardized coefficient Beta in table 4.13. The standardized beta coefficient column shows the contribution that an individual variable makes to the model. The beta weight is the average quantity the dependent variable increases when the explanatory variable increases by one standard deviation (all other explanatory variables are held constant). In this study, the highest to the lowest Beta value is .254, .215, .205, and .091 for promotion, place, price, and product factors respectively. These indicated that promotion strategy has the highest positive impact on the profitability of the enterprise compared with other independent variables under study.

$$Y=9.217+0.102(\text{product}) + 0.202(\text{price}) + 0.222(\text{promotion}) + 0.215(\text{place})$$

#### **4.7. Hypothesis Testing**

To test the hypothesis and determine the hypothesis are accepted or rejected unstandardized coefficient beta and p-value were employed

**Hypothesis 1: Product strategy has a significant relationship with the profitability of micro and small enterprises.**

Ho1: Product strategy has no significant relationship with the profitability of micro and small enterprises.

Ha2: product strategy has a significant relationship with the profitability of a micro and small enterprise

The results of multiple regression analysis shown in table 4.13 indicate that product strategy has no significant relationship with the profitability of micro and small enterprises because of p-value  $>0.05$  ( $0.199 > 0.05$ ). Besides the value of beta ( $\beta = 0.102$ ) which shows there is a positive relationship between product strategy with the profitability of an enterprise. The null hypothesis (Product strategy has no significant relationship with the profitability of micro and small enterprises) was accepted whereas the alternative hypothesis, which is (product strategy, has a significant relationship with the profitability of micro and small enterprises) was rejected.

**Hypothesis 2: Price strategy has a significant relationship with the profitability of micro and small enterprises.**

Ho1: Pricing strategy has no significant relationship with the profitability of micro and small enterprises.

Ha2: pricing strategy has a significant relationship with the profitability of a micro and small enterprise

The results of multiple regression analysis shown in table 4.13 indicate that pricing strategy has a significant relationship with the profitability of micro and small enterprises because of p-value  $< 0.05$  ( $0.006 < 0.05$ ). Besides the value of beta ( $\beta = 0.202$ ) which shows there is a positive relationship of pricing strategy with the profitability of an enterprise. The above result supported by (Eneojo Ernest & Afaru Garba Sule, 2020) and kenu (2019) it was reported that price has a positive relationship with the performance of a small business. The null hypothesis was rejected which is (Pricing strategy has no significant relationship with the profitability of micro and small enterprises) whereas the alternative hypothesis was accepted which is (pricing strategy, has a significant relationship with the profitability of micro and small enterprises).

**Hypothesis 3: promotion strategy has a significant relationship with the profitability of micro and small enterprises.**

Ho1: promotion strategy has no significant relationship with the profitability of micro and small enterprises.

Ha2: promotion strategy has a significant relationship with the profitability of a micro and small enterprise

The results of multiple regression analysis shown in table 4.13 indicate that promotion strategy has a significant relationship with the profitability of micro and small enterprises because of p-value  $< 0.05$  ( $0.000 < 0.05$ ). Besides the value of beta ( $\beta = 0.222$ ) which shows there is a positive relationship between promotion strategy with the profitability of an enterprise. The above result was supported by kenu (2019) and (Eneojo Ernest & Afaru Garba Sule, 2020) it was reported that promotion has a positive relationship with the performance of a small and medium enterprise. The null hypothesis was rejected which is (promotion strategy has no significant relationship with the profitability of micro and small enterprises) whereas the alternative hypothesis was accepted which is (promotion strategy, has a significant relationship with the profitability of micro and small enterprises).

**Hypothesis 4: Place strategy has a significant relationship with the performance of micro and small manufacturing enterprises.**

Ho1: place strategy has no significant relationship with the profitability of micro and small enterprises.

Ha2: place strategy has a significant relationship with the profitability of the micro and small enterprise

The results of multiple regression analysis shown in table 4.13 indicate that place strategy has a significant relationship with the profitability of micro and small enterprises because of p-value  $< 0.05$  ( $0.001 < 0.05$ ). Besides the value of beta ( $\beta = 0.381$ ) which shows there is a positive relationship place strategy with the profitability of an enterprise. The above result is supported by (Adewale et al., 2013) it was reported to place strategy has a positive relationship with the performance of a small and medium enterprise. The null hypothesis was rejected which is (place strategy has no significant relationship with the profitability of micro and small enterprises) whereas the alternative hypothesis was accepted which is (promotion strategy, has a significant relationship with the profitability of micro and small enterprises).

#### **4.8. Discussions of the Results**

The objective of this study was to examine the impact of marketing mix strategy on the profitability of small and micro-enterprise (SMEs) in the case of the kolfekeraniyo sub-city. The findings revealed that the product strategy role was positive but insignificant relationship with the profitability of a small and micro-enterprise. This was consistent with product strategy has a positive influence on the profitability of small and micro-enterprises with the work of (Kenu, 2019) in his study aims to assess the impact of marketing mix strategy on the profitability of selected manufacturing enterprise.

The other result indicates that pricing strategy had a positive and significant relationship with the profitability of small and micro-enterprise which was consistent with pricing strategy is the predictors of profitability of small and micro-enterprise with the research done by (Mustapha, 2017) in his study aims to examine the impact of marketing mix strategy on performance of small scale business. In addition to this, it was in line with (Adewale et al., 2013) that pricing strategy is consistent with business performance and the regression on profitability shows that a positive response towards a pricing strategy.

The other findings revealed that the promotion strategy defines the success of small and micro-enterprises based on winning in the marketplace and outpacing the competition because competitive market leadership is key and the enterprises emphasize competitive actions and achievement the hitting stretch targets and winning in the marketplace are dominant. This strategy was positively correlated and had a significant role in the overall profitability of the small and micro-enterprises. This was consistent with a positive and significant relation between promotion strategies with the profitability of a small and micro enterprise (Kenu, 2019) in his study aims to examine the impact of marketing mix strategy on the profitability of a small and medium enterprise.

The distribution strategy practices in small and micro-enterprises are characterized by the distribution of products to the market. Efficient and effective distribution strategies are important to enterprises to achieve their objectives. The place strategy had a statistically significant impact on the profitability of enterprises with a positive coefficient. Which was consistent with the place strategy influence enterprise profitability positively (Eneajo Ernest & Afaru Garba Sule, 2020) in his study aims to investigate the effect of marketing strategies on performance of small and medium scale enterprise

*Table 4.14 hypothesis summary*

NO.	Hypothesis	Decision	Reason
1	<b>H1.</b> Product strategy has a significant relationship with the profitability of micro and small enterprises	Reject alternative hypothesis	p-value >0.05 (0.199>0.05)
2	<b>H2.</b> Price strategy has a significant relationship with the profitability of micro and small enterprises	Accept alternative hypothesis	P-value < 0.05 (0.006< 0.05).
3	<b>H3.</b> Promotion strategy has a significant relationship with the profitability of micro and small enterprises	Accept alternative hypothesis	P-value < 0.05 (0.000< 0.05).
4	<b>H4.</b> Place strategy has a significant relationship with the performance of micro and small manufacturing enterprises.	Accept, alternative hypothesis	P-value < 0.05 (0.001< 0.05).

## CHAPTER FIVE

### Summary, Conclusion, and Recommendation

#### 5.1 Introduction

In chapter four, the researcher has analyzed the collected data that was collected under the study. In this chapter, we have been summarized the analytical findings and describe major conclusions taken from the survey and give recommendations based on the findings.

#### 5.2 Summaries of findings

To examine the impact of marketing mix strategy on the profitability of SMEs in the case of the kolfekeraniyo sub-city administration the study was focused on to what extent marketing mix strategy (product, price, promotion, and place) influences the profitability of the enterprise. Major findings are summarizing in the following way.

#### **Demographic characteristics of the respondents:**

- The result of the study indicates that 31%, of the respondents included in the sample, were between the age group of 26-30 years and 29.1%, the respondents that are included in the sample were between the age group of 31-40 years that shows they are adults.
- Regarding gender, 66.4% of the respondents that are including in the sample were male and the rest 33.6% were females.
- Regarding marital status, the study result indicates that 49.3% of the respondents were married. This shows that majority of SME managers were matured enough.
- According to educational level, the study result shows that 41.3% of the respondents' were 10th grade complete and 28.3% of respondents were 12th grade/diploma complete this indicates SMEs managers or owners may have a low understanding of marketing mix strategies.
- According to business ownership, 45.7% of the respondents were compiled under Share Company and 43.5 % of the respondents were compiled under sole proprietorship this

indicates that the majority of SMEs include in the sample were compiled under share company and proprietorship respectively.

- According to sectors that enterprises were engaged in; the study result indicates that 52% of the respondents were under the woodwork. This indicates that the majority of respondents were engaged in woodwork.
- Most respondents agreed with the marketing mix strategies by choosing an above-average rate of the scale to a product have a mean score of 3.55 with SD of 1.01, the price has a mean score of 3.42 with SD of 1.02, the place has a mean score of 3.42 with SD of 0.958, and promotion has a mean a score of 3.06 with SD of 1.01. Besides the perception of the respondents towards profitability had a mean score of 3.46 with an SD of 0.981.

### **Correlation analysis findings:**

- There is a positive and medium linear relationship of marketing mix strategy (product, price, promotion, and place) with the profitability of enterprise with the Pearson correlation confident value was  $r=0.347, 0.421, 0.404$  and  $0.367$  respectively with  $\alpha =0.01$ ,  $p$  - value= $0.000$ . And it is statistically significant  $p$ -value is less than  $0.01$ . From this finding, we can conclude the independent and dependent variables are significantly correlated.

### **Multiple regression analysis findings**

- There is a positive but insignificant relationship between product strategies with the profitability of the enterprise because of  $p$ -value  $>0.05$  ( $0.199>0.05$ ). This leads to accepting the null hypothesis that is product strategy has no significant impact on the profitability of the enterprise. Whereas, reject the alternative hypothesis.
- There is a positive and significant relationship between pricing strategies with the profitability of an enterprise because of  $p$ -value  $< 0.05$  ( $0.006< 0.05$ ). This leads to accepting the alternative hypothesis that is pricing strategy has a significant relationship with the profitability of an enterprise. Whereas, reject null hypothesis.
- The regression analysis result indicates that there is a positive and significant relation between promotional strategies and the profitability of the enterprise because of  $p$ -value  $< 0.05$  ( $0.000< 0.05$ ). This leads to accepting the alternative hypothesis that is promotional strategy has a significant effect on the profitability of the enterprise. Whereas, reject the null hypothesis.

- There is a positive and significant relationship between place strategy and profitability of enterprise because of  $p\text{-value} < 0.05$  ( $0.001 < 0.05$ ). This leads to accepting the alternative hypothesis that place strategy has a positive and significant effect on the profitability of an enterprise. Whereas, reject the null hypothesis.

In general, the findings of the study show that the three variables marketing mix strategies (price, promotion, and place) have a positive and significant relationship with the profitability of the enterprise whereas, product strategy has a positive but in significant relationship with the profitability of enterprises.

### **5.3. Conclusions**

The study examines the impact of marketing mix strategy on the profitability of SMEs. The result of the research indicates that the major marketing mix strategy which practices in the enterprises, level of profitability, and the correlation between them was analyzed through SPSS. Based on the finding the researcher was concluding the following main points:

The findings of the study suggested all variables of marketing mix strategy (product, price, promotion, and, place) strategy practices on SMEs have a positive and medium linear relationship with the profitability of the enterprise. Based on the findings the values of correlation from highest to the lowest are price, promotion, place, and product (0.421, 0.404, 0.361, 0.347) respectively.

In regression, analysis findings suggested that price, promotion, and place strategy has a positive significant effect on the profitability of the enterprise whereas; product strategy has no significant effect on the profitability of the enterprise. Each marketing mix strategy has its unique contribution and effect on the profitability of SMEs. Mainly promotion and place strategy highly contribute to the profitability of the enterprise. This also indicates the importance of the marketing mix strategy for the small and micro-enterprise. Its performance proportionately depends and goes with the marketing mix strategy applied.

According to hypothesis testing the following results were recorded during examination: The three marketing mix strategy which are price, promotion, and place have a positive and significant impact on the profitability of enterprise so, the null hypothesis was rejected and the alternative hypostasis was accepted. The result of the study indicates that the price, promotion,

and place strategy affect the profitability of SMEs. Whereas, product strategy has a positive but insignificant impact on the profitability of the enterprise, therefore, the null hypothesis was accepted and the alternative hypothesis was rejected. This result shows that product strategy has a positive effect on the profitability of SMEs, but its effect is not significant in this case. This is because most SMEs cannot produce a quality product in new design, feature, Variety by using new technology, and packaging and labeling systems are ineffective.

Generally, the marketing mix strategies have a positive and medium relationship with the profitability of an enterprise. This is supported by much theoretical and empirical evidence. The research result confirms (Adewale et al., 2013) which, indicates marketing mix strategy (product, price, promotion, and place) has a positive significant influence on the overall performance of a small and medium enterprise.

#### **5.4. Recommendation**

The study tries to examine the impact of marketing mix strategy on the profitability of SMEs. Based on the findings and conclusions the following recommendations are forwarded on each element of the marketing mix strategy (product, price, promotion, and place).

**About product strategy:** There is a positive relationship between product strategy and profitability enterprise but it is insignificant therefore, the researcher gives the following recommendations:

- ✓ MSEs should develop product strategy to build their brand positioning by providing a distinctive service quality to the customers.
- ✓ The manager of small and micro-enterprises of manufacturing sectors should be producing products with new designs, features, and Variety.

**About pricing strategy:** Even if there is a positive and significant relationship between pricing strategies with the profitability of enterprise the researcher provides the following recommendation:

- ✓ The Price strategy is the predictor of their profitability performance. Hence, the MSEs should their increase their pricing strategy; they should facilitate products with credit terms.

- ✓ The SME should be set a reasonable price to their products to handle customers.
- ✓ The SME should update the price strategy rapidly when changing the marketing environment.

**About promotion strategy:** Even if there is a positive and significant relationship between promotions strategy with the profitability of enterprise the researcher provides the following recommendation:

- ✓ The MSEs should give consideration to promotion strategy to increase the usage of different advertising media to promote their products and other promotion mix.
- ✓ The SMEs should use a display center to show a sample product to end-users.

**About place/ distribution strategy:** Even if there is a positive and significant relationship between place strategies with the profitability of enterprise the researcher provides the following recommendation:

- ✓ The MSEs should give consideration to place strategy to increase their Placing strategy is able to give location benefits to customers and efficient to gain market share.
- ✓ The SMEs should increase channel coverage to access their product to target customers.

Generally small and micro-enterprises managers/owners should be improving the practice of marketing mix strategies that understand the basic principle of marketing and produce a competitive product, set affordable price, use appropriate promotional mix, and deliver products at a right time to achieve its final objectives.

## **5.5. Limitation and future research suggestion**

### **5.5.1. Limitation of the study**

This study focuses only on the impact of the core marketing mix strategy 4ps (product, price, promotion, and place) on the profitability of SMEs in selected manufacturing sectors in the case of the kolfekeraniyo sub-city. Because of the limitation of information and time other marketing mix strategies, other sectors of enterprise and, other sub-cities did not include in this study, and the study measure only the impact of marketing mix strategy on the profitability of enterprise this may decrease the quality of the analysis.

### **5.5.2. Suggestions for further study**

Future researchers advised making research on the impact of marketing mix strategies on all sectors of micro and small enterprises by using financial and non-financial indicators. The researchers might study the impact of the marketing mix (7ps) on the profitability of SMEs, the impact of customer satisfaction, etc. Even if product strategy has a positive relationship with the profitability of enterprise there is insignificant therefore, it needs to conduct further researches on the impact of product strategy on the profitability of the enterprise.

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**APPENDIX I**  
**Questionnaire**

**ADDIS ABABA UNIVERSITY**

**COLLEGE OF BUSINESS AND ECONOMICS**

**DEPARTMENT OF MANAGEMENT**

**MBA PROGRAM**

This questionnaire is designed by the final year Masters of Business Administration (MBA) students of Addis Ababa University under the title: “the impact of marketing mix strategy on performance micro and small enterprise: Kolfe Keraniyo Sub-City, Addis Ababa, Ethiopia”, for the partial fulfillment of the MBA Thesis. The information provided by you will be held strictly confidential and is used for academic purposes only. You will not be held responsible for anything arising thereof. You are kindly requested to duly fill and return the questionnaire in due time. Thank you in advance for your cooperation.

For further inquiry, I will be available with the following address: +251-910463275 or email [kebadu3@gmail.com](mailto:kebadu3@gmail.com).

NB: No need to write your name

**Instruction**

*Please read each statement carefully and encircle or put a (√) mark for your choice or write your opinion on the blank space provided*

**SECTION 1: DEMOGRAPHIC INFORMATION OF OWNERS OF THE ENTERPRISE/MANAGERS**

1. Age 18-25years  26-30 years  31-40 years  41-50 years above 50 years

2. Sex Male  Female

3. Marital status: Married  Single  Divorced  Widowed

4. Educational: Primary School  10<sup>th</sup> Complete  12<sup>th</sup> Complete /diploma   
 First degree  Masters  Ph.D.  Others (specify -----)

**SECTION 2.NATURE OF ENTERPRISE**

1. What is your business ownership?

Sole Proprietorship  Partnership  Share company  Other

2. Nature of your business?

Woodwork  Metalwork  Leather  Chemical  Handcraft  Other

**SECTION 3: MARKETING MIX STRATEGIES OF MICRO AND SMALL ENTERPRISE**

*These parts kindly require you to express your view on the issue being asked by putting a tick mark (√) on the space provided. With the 5 points, liker scale ranging from strongly Disagree (1), Disagree (2), Neutral (3), Agree (4), and strongly agree (5)*

**Part 1: Product Strategy**

S/N	Items	Strongly Agree(5)	Agree(4)	Neutral (3)	Disagree (2)	Strongly Disagree (1)
1.1	Your enterprise produces a variety of products in meeting customers' needs.					
1.2	The brand name influences enterprise's Profitability					
1.3	Customers complain about the quality of your Products.					

1.4	Your products meet the customers' requirements					
1.5	The packaging is attractive					
1.6	In your opinion, the quality of the product that the company offers is very good					
1.7	You provide a product warranty					
1.8	Other departments in the enterprise cooperate with the marketing department to ensure quality products offered to customers.					

## Part 2: Pricing Strategy

S/N	Items	Strongly Agree(5)	Agree(4)	Neutral (3)	Disagree (2)	Strongly Disagree (1)
2.1	The price charged for the product is appropriate					
2.2	The pricing policy provides room for discounts					
2.3	The pricing decisions allow for payment period					
2.4	The pricing strategy gives room for large Customer base.					
2.5	The pricing strategy adopted contributes to Increase the profit and helps in achieving the					

	objectives.					
2.6	The pricing decision allows for credit terms.					
2.7	The pricing policy adopted provides room to respond quickly to market changes					

**Part 3: Promotion strategy**

S/N	Items	Strongly Agree(5)	Agree(4)	Neutral (3)	Disagree (2)	Strongly Disagree (1)
3.1	People are aware of your product based on your promotional strategy					
3.2	Your enterprise uses advertising as one of its promotional strategy					
3.3	Your enterprise uses sales promotion as one of its promotional strategy					
3.4	Your enterprise uses personal selling as one of its promotional strategy					
3.5	Your enterprise applies publicity as one of its promotional strategy					
3.6	Your enterprise uses direct marketing as one of its promotional strategy					
3.7	The promotional strategy adopted by you influences the profitability of your business					

**Part 4: Distribution Strategy**

S/N	Items	Strongly Agree(5)	Agree(4)	Neutral (3)	Disagree (2 )	Strongly Disagree (1)
4.1	Your products get to the target customers Through your distributional channels.					
4.2	Locations of the products aid accessibility					
4.3	The channel coverage is effective					
4.4	Transportation system is effective.					

**SECTION 4: Profitability of the Enterprise**

S/N	Items	Strongly Agree(5)	Agree(4)	Neutral (3)	Disagree (2 )	Strongly Disagree (1)
5.1	In the last three years, your enterprise has achieved the maximum profit due to the use of an appropriate product strategy.					
5.2	Your enterprise has achieved the maximum profit due to the use of an appropriate pricing strategy.					
5.3	Your enterprise has achieved maximum profitability due to the use of an appropriate promotional strategy.					
5.4	Your enterprise has achieved maximum profitability due to the use of an appropriate					

	distribution strategy.					
5.5	In general, your enterprise has achieved the maximum profit due to the use of an appropriate marketing mix.					
5.6	Customers derive satisfaction as a result of the application of an appropriate marketing mix. strategies					
5.7	The application of place strategies gives room for product accessibility					
5.8	The application of strategies to promotional activities give room for product awareness.					

**Thank you!!**

አዲስ አበባ ዩኒቨርሲቲ

የቢዝነስና ኢኮኖሚክስ የትምህርት ክፍል

የቢዝነስ አስተዳደር የድህረ ምረቃ ፕሮግራም

ይህ መጠይቅ በአዲስ አበባ ዩኒቨርሲቲ የመጨረሻ አመት የቢዝነስ አስተዳደር ማስተርስ (ኤምቢኤ) ተማሪዎች የተዘጋጀ ሲሆን መጠይቁ በኮልጌ ቀራኒያ ክፍለ ከተማ ጥቃቅንና አነስተኛ ኢንተርፕራይዞች ውጤታማነት ላይ ተፅዕኖ የሚፈጥሩ የገበያ ሲስተሞች ወይም ስተራቴጂ በሚል ርዕስ ጥናታዊ ጽሁፍ ለማዘጋጀት የሚያግዙ መረጃዎችን ለመሰብሰብ የቀረበ ነው። የመጠይቁ ዋና አላማ የጥቃቅንና አነስተኛ ማህበራትን ስም ለማጥፋት ወይም ያደራጃቸውን መስሪያ ቤት ስም ለማገደፍ ሳይሆን ለትምህርት ጉዳይ ለታለመው ለዚህ ጥናታዊ ፅሁፍ ማሙያ ለመጠቀም ብቻ ነው። ለሚነሳው ማንኛውም ነገር ተጠያቂ አይሆኑም። መጠይቁን በተገቢው ጊዜ እንዲሞሉ እና እንዲመልሱ በአክብሮት እጠይቃለሁ።ስለ ትብብርዎ በቅድሚያ አመሰግናለሁ።

ጥያቄውን ሲሞሉ ግልፅ ያልሆነልዎት ወይም የተቸገሩበት ጉዳይ ካለ + 251-910463275

ወይም በኢሜል [kebadu3@gmail.com](mailto:kebadu3@gmail.com) እገኛለሁ።

ማስታወሻ: ስም መፅሃፍ አስፈላጊ አይደለም።

ኢንስትራክሽን

እባክዎ ጥያቄዎችን በሚገባ በማንበብ ተገቢውን መልስ በተሰጠው የመልስ መስጫ ሳጥን ውስጥ በማክበብ ወይም የ(✓) ምልክት ያድርጉ።

ክፍል አንድ የመልስ ሰጭዎች የግል ሁኔታ በተመለከተ

- 1. እድሜ 15-25 አመት  ከ26-30 አመት  ከ31-40 አመት  ከ41-50 አመት  ከ51 አመት በላይ
- 2. ፆታ፣ ወንድ  ሴት
- 3. የጋብቻ ሁኔታ ፣ ያገባ  ያላገባ  የተፋታ  በሞት የተለየ
- 4. የትምህርት ደረጃ

አንደኛ ደረጃ  10ኛክፍል ያጠናቀቀ  12ኛያጠናቀቀ/ዲፕሎማ

የመጀመሪያ ዲግሪ  የማስትረስ ዲግሪ  የዶክተሬት ዲግሪ

ሌላ ካለ ይግለጹ-----

**ክፍል ሁለት የኢንትረፕራይዞች ሁኔታ**

**1. የኢንተርፕራይዞቹ የአደረጃጀት ሁኔታ**

በግል የተደራጀ

በጉዳዮች የተደራጀ

በሽቸክና የተደራጀ

ሌላ

**2. የተሰማሩበት ዘርፍ**

እንጨት ስራ

ብረታብረት ስራ

የቆዳ ሥራ

መልሶ መጠቀም

እደ ጥበብ

ኬሚካልና ሳሙና ና ምርት

**ክፍል ሦስት ከምርት ግብይት ስልት አኩሪ የተዘጋጁ ጥያቄዎች**

**እባክዎ መልስዎን በተዘገጀው የመልስ መስጫ ቦታ ላይ የ(✓) ምልክት ያድርጉ**

ማስታወሻ: መልስዎ በጣም አስማማለው ከሆነ 5 ነጥብ እስማማለው ከሆነ 4 ነጥብ ፤ ገለልተኛ ከሆነ 3 ነጥብ፤ አልስማማም ከሆነ 2 ነጥብ እና በጣም አልስማማም ከሆነ 1 ነጥብ ይይዛል።

**4.1 የምርት ስተራቴጂ**

ተ.ቁ	ጥያቄዎች	የስምምነት ደረጃ (ነጥብ)				
		5	4	3	2	1
1.1	የእርስዎ ማህበር የደንበኞችን ፍላጎት ለማርካት የተለያዩ አይነት ምርቶችን ያመርታል።					
1.2	የምርት መለያ ምልክቶቹ በማህበሩ ትርፋማነት ላይ ተፅዕኖ አለው					

1.3	ደንበኞች በእናንተ ምርት ጥራት ላይ ቅሬታ አቅርበዋል					
1.4	የእናንተ ምርት የደንበኞችን መስፈርት ያሙክላ ነው					
1.5	የምርት አስተሳሰብ ወይም ፓኬጂንግ ሲስተሞቹ ውጤታማ ነው					
1.6	በእርስዎ እይታ የእናንተ ምርት ጥራት በጣም ጥሩ ነው					
1.7	የእናንተ ማህበር ለምርት ጥራት ዋስትና ይሰጣል					
1.8	ማህበራቸው የምርት ጥራትን ለማስጠበቅ ከሌሎች የማህበሩ የስራ ክፍሎች ጋር በቅንጅት ይሰራል					

**4.2 የዋጋ ስተራቴጂ**

ተ.ቁ	ጥያቄዎች	የስምምነት ደረጃ (ነጥብ)				
		5	4	3	2	1
2.1	የምርት መሸጫ ዋጋቸው ተገቢ ነው					
2.2	የምርት መሸጫ ዋጋ ፖሊሲያቸው ለዋጋ ቅናሽ ቦታ ይሰጣል					
2.3	የምርት ዋጋ ውሳኔአቸው የመክፈያ ጊዜ ሲስተምን ተግባራዊ ያደርጋል					
2.4	የምርት ዋጋ ውሳኔአቸው በብዛት ለሚገዙ ቦታ ይሰጣል					
2.5	ተግባራዊ የምታደርጉት የምርት መሸጫ ዋጋ ዘዴ ትርፍ ለማስገኘት ያስችላል ይህም የማህበሩን አላማ ለማሳካት ድርሻ አለው					
2.6	የመሸጫ ዋጋ ውሳኔያቸው የዱቤ ሽያጭን ይፈቅዳል					
2.7	ማህበራቸው ፈጣን የገበያ ተለዋዋጭነትን ምላሽ ለመስጠት የዋጋ እውቀትን ይጠቀማል					

### 4.3 የማስታወቂያ ስተራቴጂ

ተ.ቁ	ጥያቄወች	የስምምነት ደረጃ (ነጥብ)				
		5	4	3	2	1
3.1	በምትሰሩት የማስተዋወቅ ስራ ምክንያት የእናንተ ምርት በህዝቡ ዘንድ ይታወቃል					
3.2	ማህበራቸው ምርቱን ለማስተዋወቅ የማስታወቂያ ዘዴን ይጠቀማል					
3.3	ማህበራቸው ምርት ለማስተዋወቅ የሽያጭ ማስታወቂያ ዘዴን ይጠቀማል					
3.4	ማህበራቸው ምርት ለማስተዋወቅ የሽያጭ ስራተኞችን ይጠቀማል					
3.5	ማህበራቸው ምርትን ለማስተዋወቅ የህዝብ ግንኙነት ዘዴን ይጠቀማል					
3.6	ማህበራቸው ምርትን በቀጥታ ለተጠቃሚው የማስተዋወቅ ዘዴን ይጠቀማል					
3.7	የምትጠቀሙት የማስታወቂያ ዘዴ ትርፋማነት ላይ ተጽኖ ያሳደራል					

**4.4 የምርት ማሰራጨ ስተራቴጂ**

ተ.ቁ	ጥያቄዎች	የስምምነት ደረጃ(ነጥብ)				
		5	4	3	2	1
4.1	ምርታቸው ለደንበኞቻቸው የሚደርሰው በእናንተ ማሰራጨ መንገድ ነው					
4.2	ምርቱ የሚገኝበት ቦታ ምርቱን ለደንበኛ ተደራሽ ከማድረግ አንጻር አስተዋፅኦ አለው					
4.3	የምርት ስርጭት ሽፋናቸው ውጤታማ ነው					
4.4	የትራንስፖርት ሲስተማቸው ውጤታማ ነው					

**ክፍል አራት የማህበራዊ ትርፋማነት**

ተ.ቁ	ጥያቄዎች	የስምምነት ደረጃ (ነጥብ)				
		5	4	3	2	1
5.1	ባለፉት ሶስት አመታት ማህበሩ ከፍተኛ ትርፍ ያገኘው በምታመርቱት ምርት አማካኝነት ነው					
5.2	ማህበራቸው ከፍተኛ ትርፍ ያገኘው በምትከተሉት የምርት መሸጫ ዋጋ ምክንያት ነው					
5.3	ማህበራቸው ከፍተኛ ትርፍ ያገኘው በምትከተሉት ምርትን የማስተዋወቂያ ዘዴ አማካኝነት ነው					
5.4	ማህበራቸው ከፍተኛ ትርፍ ያገኘው በምትከተሉት ምርትን ለተጠቃሚ ማሰራጨ ዘዴ ነው					
5.5	በአጠቃላይ ማህበራቸው በሚከተለው የገበያ ስልት					

	አማካኝነት ከፍተኛ ትርፍ አግኝቶአል					
5.6	ደንበኞቻቸው በምትከተሉት የገበያ ስልት አማካኝነት ርካታ አግኝተዋል					
5.7	የምትከተሉት ምርትን ማሰራጨ ዘዴ ምርትን ተደራሽ ለማድረግ ከፍተኛ ትኩረት ይሰጣል					
5.8	የምትከተሉት ምርትን የማስተዋወቂያ ዘዴ ምርትን ለማስተዋወቅ ላይ ከፍተኛ ትኩረት ይሰጣል					

አመሰግናለሁ!!!