ADDIS ABABA UNIVERSITY

SCHOOL OF COMMERCE

DEPARTMENT OF MARKETING MANAGMENT

GRADUATE PROGRAM UNIT

IMPACTS OF MARKETING MIX STRATEGY ON ORGANIZATIONAL PROFITABILITY IN THE CASE OF AUTOMOBILE DEALERS IN ADDIS ABABA CITY

By:

Zekarias Abayneh

A Thesis submitted to the Addis Ababa University, college of business and economics, school of commerce for the partial fulfillment of the requirement of the degree of masters of Arts in marketing management

Advisor: Belaynesh Tefera (PhD)

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Approval Board Committee

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DECLARATION

I, Zekarias Abayneh, hereby declare that the thesis work entitled "The Impact of Marketing mix strategy on organizational profitability in the case of automobile dealers in Addis Ababa city" submitted in partial fulfillment of the requirements for Master of Arts (MA) in Marketing Management to Addis Ababa University School of Commerce, is the outcome of my own effort and that all sources of materials used for the study have been duly acknowledged. This study has not been submitted for any degree in this University or any other University.

Name: Zekarias Abayneh

Signature: ________________________

Date: ____________________________

STATEMENT OF CERTIFICATION

This is to certify that Zekarias Abayneh carried out his project on the topic entitled "The Impact of marketing mix strategy on organizational profitability -in the case of Automobile dealers in Addis Ababa city" under my supervision. This work is original in nature and is suitable for submission for the award of Degree of Master in the Department of Marketing Management.

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Advisor: Belaynesh Tefera (PhD)

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ABSTRACT

The general objective of this study was to investigate the impact of marketing mix strategy on organization profitability in the case of automobile dealers in Addis Ababa city. The focus of the study was on those automobile dealers located in Addis Ababa city which have registered and gained a license from ministry of trade and industry. To achieve the objective of this study, data was collected through questionnaires from a population of 50 dealers. Census survey was employed in the study with Statistical Package for Social Science (SPSS) version 20.00 used in the analysis. The data collected from the questionnaire were analyzed using Statistical tools such as mean, standard deviation, correlation, and multiple regression analysis. The results of this study indicate that, all the 4Ps marketing mix elements (product, price, promotion and place) have positive relationship with organizational profitability. The finding of this study also indicates that place and price have a strong positive relation and significant effect on profitability. Place has the strong indicator of profitability followed by price. On the contrary, product and promotion have positive but insignificant effect on profitability. Furthermore, the 4Ps marketing mix elements (product, price, promotion and place) significantly explain 85.3% of the variations in the organizational profitability. The outcome of study will enhance the implementation of proper marketing mix strategy in the increase of profitability and to cope up the competitive business. In general, to ensure the profitability of the organization, it has to asses regularly the marketing strategy related to the 4Ps.

***Keywords**: Marketing mix strategy, Product, Price, Place, Promotion and profitability*

Contents

CHAPTER ONE

INTRODUCTION

This section address background of the study, statement of the problem, research questions, research objectives, research hypothesis, significance of the study, scope and limitation of the study, definition of terms and organization of the study.

1.1 Background of the Study

In the current complex and competitive marketing, business reputation is very difficult and losing business reputation is very easy. With the growing competition in the domestic and international markets, more demanding and assertive customers, rapid advancements in technology, and changing government policies and laws, the marketing environment has changed dramatically and is becoming more turbulent(Akroush,2003).

Marketing is a major stakeholder in new product development, customer management and value/supply chain management and marketing strategy provides concepts and processes for gaining a competitive advantage by delivering superior value to the business customers (Subhash, 1997). Therefore, to deal with the current challenges, the businesses must have more distinctive and purposeful marketing strategies and they should be effectively implemented (Subhash, 1997).

According to Philip Kotler P., Armstrong, G., Saunders, J., and Wong, (1999), marketing strategy is the marketing logic by which the business unit hopes to achieve its marketing objectives. It is an endeavor by a corporation (or any organization) to differentiate itself positively from its competitors, using its relative corporate strengths to better satisfy customer needs in a given environmental setting (Subhash, 1999). For an organization, target consumers are at the center of the marketing strategy. The company identifies the total market it wants to serve and divides it into smaller segments. It then selects the most promising segments and focuses on serving them. It designs a marketing mix using mechanisms under its control: product, price, place, and promotion. It also engages in marketing analysis, planning, and implementation and control in order to find the best marketing mix and to take action. The company uses these activities to enable it to watch and adapt to the marketing environment (Kotler et al, 1999).

To achieve a set of organizational goals and objectives, companies conceptualize, design, and implement various strategies can be corporate, business or functional. Marketing strategies constitute one of the functional strategies amenable to application by contemporary companies in order to enhance performance.Marketing has been defined and conceptualized in various way depend on the author's back ground, interest and education. Marketing is a process by which individuals and groups obtain what they need and want by creating and exchanging products and value with others (Kotleret al.1999).

In today's highly competitive business environment every organization whether profit oriented or not has its own mission to achieve for organizations to meet their goals. Their first focus is to fulfill their customers‟ need and expectations.

Strategic thinking represents a new perspective in the area of marketing. Marketing plays a vital role in the strategic management process of a firm. The experience of companies well versed in strategic planning indicates that failure in marketing can block the way to goals established by the strategic plan (Kotler 2008).

Within a given environment, marketing strategy deals essentially with the interplay of three forces known as the strategic three Cs: the customer, the competition, and the corporation. Marketing strategies focus on ways in which the corporation can differentiate itself effectively from its competitors, capitalizing on its distinctive strengths to deliver better value to its customers. A good marketing strategy should be characterized by

(a) A clear market definition;

(b) A good match between corporate strengths and the needs of the market; and

(c) Superior performance, relative to the competition, in the key success factors of the business (Kotler 2008).

In today's business activities, the success or failure of any business organization depends largely on how best such organization can satisfy its customers and this act places enormous task and responsibility by way of marketing on any organization intending to excel at satisfying their customers and clients. The task involve identifying accurately the needs of their customers/clients and deciding on how best to handle their products and services so as to satisfy the earnings of both prospective buyers and sellers (as represented by clients/customers).

Though there is increasing empirical evidence on the impact of marketing strategies and company performance in developed markets, much attention has not been given and there are few empirical evidence in developing economy such as Ethiopia to examine marketing strategy and its impact on companies financial performance specifically profitability in the automobile dealers. Marketing managers develop and implement strategies with the intention to improve the performance of their company. Marketing academics study the relationships between strategies and performance with the aim of formulating guidelines about the effectiveness of strategies. Both managers and academics try to find out which strategies under which circumstances may improve to what extent the company's performance (Huzingh and Zengerink, 2001). Therefore, it would be of both theoretical and managerial interest to study the impact of marketing strategy and see the relationship between marketing strategy and organization profitability in automobile dealers. Hence, this study attempts to examine the impacts marketing mix strategies on company's profitability in the case of automobile dealers in case of Addis Ababa city.

1.2 Statement of the Problem

Recently the business world has been witnessing a huge revolution in all aspects of business. There are many forces that have emerged as critical challenges facing today's companies. Marketing is considered as a key element for any successful business, irrespective of its size, sector, the nature of its work and even its aim and objectives' (Akroush, 2003).

The ultimate goal of any business is to be successful and remain in business, profitably. Correspondingly the success or failure of an organization depends on its marketing strategies. Marketing is also a dynamic lesson, and not just stuck in one point, it is developing from time to time. So, marketers should be able to adjust to changing market condition through the major controllable and tactical elements of marketing mix product, price, place and promotion (Woldegebreil, 2011)

Marketing strategy has been an important aspect in objectives achievement in most organizations. Organization’s decision making process on selection and implementation of appropriate marketing strategy makes it possible for them to adhere to the objectives easily; however most organizations do not meet their objectives while others venture into different strategies due to the competition in the market (Renart, 2007).

Literature reveals that, empirical support for the relationship between the marketing strategy and financial performance of a business has been provided by a number of studies. The majority of these studies have been based on the Profit Impact of Marketing Strategy and have focused on company performance in USA (Faria and Wellington, 2005; Kyle, 2004).

Various researchers in the marketing field (Deshpande et al, 2003: Akroush, 2011) argue that one of the challenges facing the academic marketing research is that the generalizability of the marketing models, theories and concepts which have been developed in U.S and western environments. Shoham (2002) argued that although companies strategies may influence performance the findings so far are not conclusive especially those that deal with the relationship between marketing mix strategies and performance. Therefore, there is a need for studying the relationship between marketing mix strategies and profitability.

Automobile dealers in Ethiopia face numerous challenges from both the domestic and international environment. In the domestic scene, the intensified competition among the dealers, the increasing awareness and change in needs and wants of customers, the ever rising of costs of doing business are some of the challenges that are affecting the performance of the automobile dealers. Hence to cope successfully with these challenges, the automobile dealers have to devise workable marketing mix strategies that will help them to beat the competition and enhance their performance.

The relationship between marketing strategies and company performance in our Country is under researched. The meager amount of empirical evidence that exists about the marketing strategy-performance relationship mostly focus on the marketing mix model, especially in service sector in banks which are used in the service marketing, and hence this requires more investigation in the goods marketing area by focusing in the automobile dealers in Addis Ababa city.

What inspired this study was the knowledge gap about the effects of marketing mix elements (4 Ps -product, price, place and promotion) on profitability among selected automobile dealers in Addis Ababa city. By gaining insights into how profitability is affected by the 4Ps marketing mix, industry player are going to design their marketing campaigns better to reap higher profits while minimizing costs hence improving on the efficiency.

1.3 Research Questions

Based on the problem statement stated above, the leading question of the study is:

How marketing mix strategy influences profitability of automobile dealers in Addis Ababa city?

Hence, the study seeks to answer the following specific research questions:

To what extent product considerations strategies influence the profitability of automobile dealers in Addis Ababa city?

What is the effect of promotion strategy on profitability of automobile dealers in Addis Ababa city?

To what extent does pricing strategy influence profitability of automobile dealers in Addis Ababa city?

What is the effect of place or location strategy on profitability of automobile dealers in Addis Ababa city?

1.4 Objectives of the Study

1.4.1 General objective

The general objective of this study was to investigate the impact of marketing strategy on organization profitability in the case of automobile dealers in Addis Ababa city.

1.4.2 Specific Objectives

Considering the general objective, the study will address the following specific objectives:-

To find out the effect of product considerations strategies on profitability of automobile dealers in Addis Ababa city.

To determine the extent to which pricing strategy affects profitability of automobile dealers in Addis Ababa city.

To establish the effect of promotion on profitability of automobile dealers in Addis Ababa city.

To examine the effect of place/location strategy on profitability of automobile dealers in Addis Ababa city.

1.5 Research Hypothesis

Depending on various literatures and the research questions, the researcher formulates the following hypothesis.

H1: Product strategy has a significant and positive influence on profitability.

H2: Pricing strategy has a significant and positive impact on profitability.

H3: Promotion strategy has a significant and positive influence on profitability.

H4: Place/ Distribution strategy has a significant and positive influence on profitability.

1.6 Significance of the Study

The research findings and recommendations provided by the researcher, managers can use the findings to draw important inferences and information which the marketing team can use to improve profitability by increasing sales performance. The inferences drawn from the research can be used to conduct the overall analysis of the company’s strengths, how to improve them against their competitors and as well improve on their weaknesses. This study would serve as an input for researchers and other interested people in related topic and to acquire broader knowledge about the subject matter under the study.

1.7 Scope of the Study

The study was limited to the impacts of marketing mix strategies especially the 4Ps on the profitability of organization in case of automobile dealers in Addis Ababa city.

Since marketing mix strategies practices encompass vast areas of managerial practices. However, it was difficult and unmanageable to conduct the study in all areas that summarizes marketing mix strategies practices in terms of time, finance, and research manageability. Therefore, the scope of this study delimited to marketing mix strategies practices and profitability of automobile dealers in Addis Ababa city. The subject scope of this study will also delimited to the company's point of reference that is selected auto dealers in the city towards product strategy, pricing strategy, place/distribution strategy and promotion strategy practice. The researcher will conduct the research on automobile dealers who are located in head office since they have many branches (outlet) in city due to the time and financial constraint.

1.8 Limitation of the Study

Among the major limitation the study was conducted on the organization sides which uncover the other stakeholders such as customers, government (government regulation on industries) and this factor limited the outcome of the research. The research doesn't include the extended three service marketing mix elements such as people, process and physical evidence so that the research may not provide full insight about the extended marketing mix strategy so future research should be conducted with inclusion of the extended service marketing mix elements. The study only focuses on the 4Ps of marketing mix elements.

1.9 Definitions of Terms

Marketing is the process of planning and executing the conception, pricing, promotion and distribution of ideas, goods and services to create exchanges that satisfy individual and organizational goals (Kotler, 2002).

Strategy is the direction and scope of an organization over the longer term ideally, which matches its resources to its changing environment, and in particular, to its markets, customers and clients to meet stakeholder expectations (Johnson and Scholes, 1993).

Marketing Mix

According to Kotler and Armstrong (2010) marketing mix is the set of marketing tools used by an enterprise to achieve the objectives of the adapted marketing in the particular marketing segment.

Product

Product is anything that can be offered to a market for attention, acquisition, use, or consumption hence satisfying customers want or need (Kotler and Armstrong, 2013).

Price

According to Kotler and Armstrong (2008) price is the sum of all the values that customers give up to gain to the benefits of a product or service.

Place

Place is the process where organizations decide where to locate their store and how many stores to have at the convenience of the shoppers (Kanoga, 2016)

Promotion

According to Armstrong (2008), promotion is all activities undertaken to communicate and promote products or services to the target market.

1.10 Organization of the study

The research report was organized into five chapters: Chapter one focuses on the background of the study, problem statement, objective of the research, research questions, research hypothesis, significance of the study, limitation and scope of the study, definitions of terms and organization of the paper. In chapter two, a range of literatures review is captured to gather relevant information concerning marketing mix strategies and profitability from both the theoretical and empirical literatures and conceptual frame work of the study. In chapter three, detail of methodology followed to achieve results is outlined. It includes description of the study area, research approach, research design, population and sample, data source and types, data collection procedures, ethical considerations and data analysis. Chapter four contained results and discussion from the study supported with findings from other research works. Chapter five focuses on main findings, conclusions and recommendations of the study.

CHAPTER TWO

REVIEW OF RELATED LITRATURE

2. Introduction

This literature review examines the major issues regarding marketing mix strategy within automobile industry, what marketing mix encompasses, how profitability of an organization is measured and the relationship between marketing mix strategy and organizational profitability. The literature reviewed in this focuses on the objectives stated in chapter one. The value of studying the aforementioned literature areas is to provide a meaningful discussion and analysis about the topic. At the end of this section it is hoped that a critical understanding of key issues is exhibited that the reader is better informed and that there is a clear justification for the research in this area.

2.1 Theoretical Literature Review

A theoretical framework can be defined as a collection of interrelated ideas based on theories. It is a reasoned set of prepositions which are derived and supported by data or evidence. This section provided the theoretical framework.

This study was based on the Resource based view theory and competence based theory.

2.1.1 Resource based theory

The resource based theory defines how effective and efficient uses of the resources of a firm are essential towards creating a sustainable competitive advantage. According to Porter (2011), the theory places emphasis on the resources of a firm as a determinant on the competitiveness of firms in the industry. The theory has moved through different changes over the past decade by various scholars for instance by use of terms such as resources, capabilities, assets or the competences in description of the factors which have an effect on the competitiveness of a firm. The resources of a firm are placed in to physical capital resources, human capital and the organizational capital resources.

Fiol (2011) remarks that both the skills and resources and the way firms use them must constantly change, the leading creation of continuously changing temporary advantage. This suggests that it is the way resources are configured and not the capabilities as such that is the source of competitive advantage. The resource-based view of the firm predicts that certain types of resources owned and controlled by firms have the potential and promise to generate competitive advantage and eventually superior firm performance (Ainuddin et al., 2012).

2.1.2 Competence based theory.

Competence based theory is defined as an approach to managing business in a given way. On this approach, the business is an open system which interacts with the environment to obtain given resources and to improve their outputs. Based on this theory, the capacity of a firm is developed on the core competences which cannot be acquired by the competitors and also create more profits which provide the basis for firm performance (Prescott, 2011).

In the present dynamic business environment, the competitive position of a firm is challenged constantly by the growth of new technologies, products, the markets as well as competitors. On the other hand, flexibility and adaptability have formed major concepts of management in developing sustained competitive advantage (Whetton, 2011). Competence based theory provides the foundation for firm competitiveness. It is one of the main studied theories pertaining to the influence of the strategies of a firm to improving its performance. This theory hence has a major role to play on evaluating the competitiveness of a firm and its sales that fit on the perception of the customers to improve their general performance in the market (Lovelock, 2011). Thus this theory aligns to a firm’s ability to examine the dynamic business environment and develop strategies for survival.

2.2. Strategy Overview

Different scholars have given different definitions to strategy. According to Tony Proctor, a strategy is a plan that integrates an organizations major goal, policies, decisions and sequences of actions in to a cohesive whole. It can apply at all levels in an organization and pertain to any of the functional areas of management.

Strategy is fundamentally about two things the first one is deciding where you want your business to go and the other one is deciding how to get there. Strategy is originally a Greek word coming from the military origins, Nowadays this word is use in business organizations. There are different definitions of strategy. However, for the purpose of this study, we must select a definition.

According to Subhash C. Jain (1999) a "strategy" is a plan that integrates an organization's major goals, policies, decisions and sequences of action into a cohesive whole. It can apply at all levels in an organization and pertain to any of the functional areas of management. Thus there may be production, financial, marketing, personnel and corporate strategies, just to name a few.

2.2.1 Definition of Marketing Strategy

Marketing strategy refers to an organizations integrated pattern of decisions that specify its crucial choices concerning products, markets, marketing activities and marketing resources in the creation, communication, and or delivery of products that offer value to customers in exchanges with the organization and thereby enables the organization to achieve specific objectives (Varadarajan, 2009).

According to Philip Kotler, marketing strategy is the marketing logic by which the company hopes to create customer value and achieve profitable relationships. The company decides which customer it will serve through segmentation and targeting. And then decides how, by differentiation and positioning.

2.2.2 Marketing mix strategies

McCarthy (2011)defines strategy as a direction and scope for an organization in meeting long term objectives by configuring its resources in the present dynamic business environment. According to Nagle & Holden (2012) strategy is an underlying concept in strategic management. However, the marketing mix are a set of controllable or the tactical tools in marketing which are used by an organization so as to meet the needs and demands in the target market. Therefore, the marketing mix strategies includes all the responses of a firm in ensuring that the target market positively influence their product demand. Firms who aspire to meet the customer needs often have to focus on understanding the customers and developing appropriate strategies to improve their performance. The following section provides a discussion based on the 4Ps of marketing mix strategies.

2.2.3 Product Strategy

Product strategy refers to all the goods and services that a company offers to the target market in order to satisfy their needs. It also includes physical products, services, information, places, organizations or ideas that can be offered for acquisition or consumption that might satisfy a want or a need. Products are classified in two categories; tangible and intangible products (Kotler 2013). The product is therefore more than a branded, packaged good offered for sale. Its definition has been widened to include services and benefits and the services that can be achieved from the product. Product strategy consists of elements such us packaging, branding labeling and product attributes that are of good quality, style, features and design. Strong brand preference is an added feature to the product. A product consists of 4 life cycle stages i.e. introduction, growth, maturity and decline stage. New product development leads to a wide product range that influences attraction and retention of many customers.

2.2.4. Product Mix Strategy

A product mix is the assortment of goods and/or services a firm offers consumers and industrial users. The product mix is a combination of product lines and individual offerings that make up the product line. Product mixes and product lines undergo constant change. To remain competitive, marketers look for gaps in their assortment and fill them with new products or modified versions of existing ones. Marketers must continually assess their product mix to ensure company growth, to satisfy changing consumer needs and wants, and to adjust to competitors' offerings.

2.3 Pricing Strategies

Price is considered as a value placed on a product or a service. Foss (2012) asserts that the when the effective product development, distribution and also promotion positively influence the firm success; so is the efficient pricing strategy. Critics argue that despite the fact that effective pricing strategy is not able to compensate for the poor execution on promotion, distribution and product development, when there is ineffective pricing has a negative impact on the performance of firms (Palmer, 2011). In addition, of complexity in the pricing strategy in a firm is quite significant as a result of the high level of homogeneity between the service groups as well as the shared service delivery and also the operating systems. Firms make use of different pricing strategies. This is based on the goals and objectives of the organizations as well as product stage in the market. They include: pricing strategies for new products i.e. penetration pricing strategy, pricing strategies for established products which is determined by competition, price flexibility strategy, price leadership strategy, and psychological pricing strategy. They offer critical evaluation on the price changes in organizations and how this is affected by the target market (Chisnall, 2011).

2.3.1 Pricing objectives

Marketing attempts to accomplish certain objectives through its pricing decisions. Research has shown that multiple pricing objectives are common among many firms. As a result, pricing is an art as much as it is a science: It depends as much on good judgment as on precise calculation (Nagle and Holden, 1995).Pricing objectives vary from firm to firm. Some companies try to maximize their profits by pricing their offerings very high. Others use low prices to attract new business. The three basic categories of pricing objectives are (1) profitability objectives, (2) volume objectives, and (3) other objectives, including social and ethical considerations, statuesque objectives, and image goals.

2.3.2 Profitability Objective

Most firms have some type of profitability objective for their pricing strategy. Some firms try to maximize profits by increasing their prices to the point where a disproportionate decrease appears in the number of units sold. Profit maximization is the basis of much of economic theory. The responsibility of an effective sales organization is to raise customers willingness to pay a price that better reflects the product’s true value (Nagle and Holden, 1995).

2.3.3 Volume Objectives

Another example of pricing strategy is sales maximization, under which management sets an acceptable minimum level of profitability and then tries to maximize sales. Sales expansion is viewed as being more important than short run profits to the firm's long-term competitive position. A second volume objective is market share-the percentage of a market controlled by a certain company, product, or service.

2.3.4 Other Objectives

Objectives not related to profitability or sales volume, social and ethical considerations, status quo objectives, and image goals are often used in pricing decisions. Social and ethical considerations play an important role in some pricing situations. Image goals are often used in pricing strategy. So a firm's pricing strategy may be an integral part of the overall image it wishes to convey.

2.3.5 Factors to be Considered When Setting Prices

Economists might argue that pricing is regulated by the widely accepted principle of the elasticity of demand; however, pricing decisions are based on far more factors than fluctuations in demand relative to the available supply of a product or service. Price is the exchange value of a good or service. An item is worth only what someone else is willing to pay for it. A company's pricing decision are affected both by internal and external company factors. Internal factors affecting pricing includes company's marketing objectives, marketing mix strategy, cost and organization. External factors affecting pricing includes nature of the market and demand, competition and other environmental factors (economy, resellers, government).According to Collins, H.G. Parsa H.G., (2006), three common approaches to pricing are defined as follows.

2.3.5.1 Cost based pricing

A financially driven approach to pricing in which products are priced to yield an equitable profit above and beyond all costs associated with the production of the product. Cost based pricing ensures that products are priced so that an equitable contribution margin is attained above and beyond the costs associated with the production of the product; however, it is difficult to appropriately determine the unit cost associated with the product since unit costs fluctuate with sales volume (Nagle and Holden, 1995). This usually leads to over-pricing in weak markets and under-pricing when demand is strong, which is not prudent strategy.

2.3.5.2 Customer driven pricing

Market driven approach to pricing in which prices are determined by the amount that customers are willing to pay for the product is customer driven pricing. Customer-driven pricing is typically driven by the sales organization and provides flexibility in pricing so that prices can be aligned with the amount that a customer is willing to pay. This strategy has two primary shortcomings, however. First, customers are not motivated to be can did relative to the price that they are willing to pay for a product. In addition, a sales organization's role should not be to simply take orders at whatever price the customer is willing to pay. The responsibility of an effective sales organization is to raise customers willingness to pay a price that better reflects the products true value (Nagle and Holden, 1995).

2.3.5.3 Competition driven pricing

Competition driven pricing is utilized to ensure that a firm achieves its desired market share objective. This approach can often lead to inappropriate price cutting as a firm seeks to gain market share. Although price cuts may assist a firm in achieving a short term sales volume goals this strategy can be quickly matched by competitors, which initiates a downward spiral of prices. The role of the sales and marketing organization is then to raise the customer's willingness to pay a price that reflects the product's true value as opposed to merely processing orders at whatever price the consumer is willing to pay (Nagle and Holden, 1995).

2.3.5.4 Type of Prices

There are many ways that prices can be stated. The following are some of the most common pricing approaches and the tactics associated with them.

List Prices The prices in a price list are rarely those paid by customers. Rather, list prices form the starting point for calculation of a net price.

Net price is a list price minus one or more discounts. Such discounts can be changed as frequently as required without the expense of printing a new set of list prices. The list prices can help a supplier camouflage price changes from competitors. List prices are also a useful guide to engineers and buyers who are estimating "ballpark" figures for proposals and in preparation of tenders. Net Prices the net is, of course, the key price in the decision whether or not to buy. In arriving at the net price many types of discounts can be applied to the list price.

Trade Discounts - Trade discounts are reductions from list price that are given to different groups of intermediaries or customers according to the range of functions they perform (stocking, advertising), the type of market to which they sell (OEM, retailers), and the volumes in which they purchase. Trade discounts can be used as a competitive weapon.

In most industries there is an accepted norm for the discounts offered to intermediaries. A business marketer selling through a distributor must recognize that competition includes not only similar products offered by other manufacturers but also quite dissimilar lines of items that are competing for the distributor's time and attention. Thus, the marketer may increase discounts to motivate the distributor to devote more effort on behalf of the manufacturer's product.

Cash Discounts - Cash discounts offer the buyer an incentive to pay a slightly lower price within a short period of being invoiced.

Quantity Discounts - Quantity discounts encourage the customer to order in larger quantities. (Kotler, P. Armstrong, G. 2011 pp 296-304)

2.4 Promotion Strategies

Promotion and communication strategy is a major component in the marketing mix strategy. It helps firms to communicate on their product or services to the customers. Promotional strategy constitutes a number of elements that include personal selling, sales promotion, advertising, public relations and direct marketing. These elements have an influence on the relationship of the customer and the firm that is essential towards improving the sales of a product or service (Lehtinen, 2011). Integrated Marketing Communication (IMC) implies combining all the elements of promotion together to make a complete picture. This is so that a consistent message is transmitted by all marketing communications. A promotional mix specifies how much attention to pay to each of the five subcategories, and how much money to budget for each. The product life cycle, among other marketing objectives determines the extent to which these elements are used. Kurtz& Boone (2011) talked about advertising and considered this factor to be a major aspect for the firms in any industry. One of the reasons is that effective advertising helps firms to attract and ensure loyalty of the customers within the current changing business environment. In addition, reports by Lehtinen (2011) indicated that 50 % of the consumers remembered seeing or hearing of the aspect of advertising in firms.

Promotion according to Brassington&Pettitt (2000) is the direct way in which an organization communicates the product or service to its target audiences. Promotion strategies are concerned with the planning, implementing and control of persuasive communication with customers. Modern marketing calls for more than developing a good product, pricing it attractively and making it accessible. Companies must also communicate with present and potential stakeholders as well as the general public. For most companies, question is not whether to communicate but rather what to say, to whom, and how often.

2.5. Promotional Mixes

Each promotional tool has its own unique characteristics and costs. These strategies may be designed around advertising, personal selling, sales promotion and publicity.

2.5.1 Advertising strategy

Brassington&Pettitt (2000) define Advertising as any paid form of non-personal communication directed towards target audience and transmitted through varies mass media to promote product, services or idea. Certain forms of advertising (TV advertising) typically require a large budget, whereas other forms (newspaper advertising) can be done on a small budget. In developing an advertising program, successful firms start by identifying the target market and buyer motives.

2.5.2 Sales Promotion Strategy

Sales promotion is the economical and informational incentives, which are offered by firms to buyers or distributors (Guiltian and Paul, 1982). It emerged as a reaction by manufacturer's marketers, and marketing strategies alike to find a short term solution to the problems of excess stock of goods which are available in variables manufacturer's warehouses but are not demanded by consumers and organization (Aham, 2008). Sales promotion offer three distinctive benefits: (1) communication (they gain attention and usually provide information that may lead the consumer to the product); (2) incentive (they incorporate some concession or inducement that gives value to the consumer); and (3) invitation (they include a distinct invitation to engage in the transaction now).

2.5.3 Public Relations Strategy

According to Brassington&Pettitt (2000) the essence of public relation is to look after the nature and quality of relationship between the organization and its different publics and to create a mutual understanding. Public relation covers a range of activities ,for example the creation and maintenance of corporate identity and image; charitable involvement ,such as sponsorship, and community initiatives, media relation for the spreading of goods news as well as for crisis management such as damage limitation. The wise company takes concrete steps to manage successful relations with its key publics. The appeal of public relations and publicity is based on three distinctive qualities: (1) high credibility (news stories and features are more authentic and credible than advertisement); (2) ability to catch buyers off guard (reach prospects who prefer to avoid salespeople and advertisements); and (3) dramatization (the potential for dramatizing a company or product).

2.5.4 Personal selling strategy

Brassington & Pettitt(2000) define personal selling to be a two-way communication tool between a representative of an organization or individuals or group, with the intention to inform, persuade or remind them, or sometimes serve them to take appropriate action. Personal selling is a key element in promotion, one of the four Ps in the marketing mixes. Personal selling has three distinctive qualities: (1) Personal confrontation (it involves an immediate and interactive relationship between two or more persons); (2) cultivation (it permits all kinds of relationships to spring up, ranging from a matter-of-fact selling relationship to a deep personal friendship); and (3) response (it makes the buyer feel under some obligation for having listened to the sales talk). Sales people perform one or more of the following tasks: Prospecting, targeting, communicating, and selling approaching, Servicing, Information gathering, and Allocating.

2.6 Distribution Strategies

Distribution strategy is the method a firm uses to get products and services to different channels and networks with objective to reach the end customer, either directly or indirectly. The intermediaries include the agents, wholesalers, distributors and also retailers. These elements help in ensuring that a firm has provided the customers with quality customer service that has an influence on the level of customer satisfaction (Palmer, 2011). Customer requires convenience for the product offering such as the physical access. Distribution channels are important in a firm's level of competitiveness. This is because they affect the time when the product reaches the customer as well as final price of the product. Through distribution strategy, an organization gets to understand the sales channels through enhanced knowledge, better segmentation on the distribution within the sales channels, the roles played by the intermediaries on the sales process, getting to understand centers of influence on the sales channel as well as the position of a firm in relation to the sales channel (Whetton, 2011).

The two main categories of marketing intermediaries are wholesalers and retailers like canned food products usually pass through wholesalers and retailers to reach the consumer. Wholesaling intermediaries are people and firms that sell primarily to retailers and other wholesalers or industrial users. The second major component of distribution strategy is physical distribution which comprises the actual movement of goods and services from the producer to the user. Physical distribution covers a broad range of activities. These tasks include customer service, transportation, inventory control, materials handling, order processing, and warehousing.

2.6.1 Why Use Intermediaries?

Business marketers may choose to sell through intermediaries for a number of reasons, including the following.

Transaction Costs - Every order incurs costs-contact costs, order-filling costs, expediting costs and lots of paperwork. By selling larger quantities to intermediaries, the manufacturer can reduce the proportion of transaction cost per sales dollar.

Inventory Costs - When an intermediary carries inventory, the manufacturer can reduce its own levels of inventory. By reducing its inventory levels, the manufacturer reduces inventory carrying costs, which include storage costs, property taxes, insurance, cost of money invested in the inventory, and so on.

Limited Finances - Even large corporations can have a difficult time raising enough money to operate a nationwide network of wholly owned local distribution outlets. Despite the high cost, some industries sell direct because customers demand personalized attention from the manufacturer, or their equipment is too sophisticated to risk less than optimal installation by intermediaries.

Narrow Product Line- Few industrial manufacturers have a wide enough product line to generate a high ratio of sales to direct calls by their sales force. Excessive selling costs suggest turning the job over to intermediaries, whose broader range of products (because they handle distribution functions for a large number of manufacturers) generates higher returns per sales call.

Proximity- Intermediaries offer much more immediate and local representation. Because they are closer to their customers, they are better able to ascertain their customers' needs and wants, assess their credit rating, and offer speedy delivery, service, and individual attention than an industrial manufacturer whose plant may be thousands of miles away.

Opportunity Costs- manufacturers often have begun operation on the basis of their technological and production expertise rather than on their marketing and distribution skills. Their return on manufacturing investment, then, tends to be much higher than on investment in distribution. Thus, it makes sense to let more efficient distribution specialists act as their intermediaries and then to invest more in the manufacturing side of the operation. Doing so reduces the manufacturers, opportunity costs-that is, the incremental gain foregone by not pursuing a higher-yielding alternative (Kotler and Keller, 2008).

2.6.2 Selecting a Distribution Channel

The selection of a distribution channel depends on several factors: the market, the product, the producer, and the competition. These factors are often interrelated.

A) Market Factors: - The most important consideration in choosing a distribution channel is that market segment the producer wants to reach. If the product can be marketed to more than one segment, multiple distribution channels may be required. In fact, multiple channels have become increasingly popular in recent years.

B) Product Factor: - In general, products those are complex, expensive, custom made and perishable move through shorter distribution channel.

C) Producer Factors: - Producers that offer a broad product line and have the financial and marketing resources to distribute and promote their products are more likely to use a shorter channel of distribution. The company has the financial resources to conduct marketing research studies and to maintain its own network of distribution centers.

D) Competitive Factors: - In choosing a distribution channel, producers must consider how well an intermediary performs the marketing functions. A producer may become less competitive when an intermediary fails to adequately promote the firm's products (Philip Kotler, Gary Armstrong, 2011)

2.7 Marketing mix strategies and performance

The marketing mix is a long term plan on action which is used in order to help a firm to gain its competitive advantage over its competitors. The competitive advantage is sustainable when competitors cannot imitate their source of competitiveness or when no other firm conceives a better offering (Baron, 2010).In a study by Riordan et al. (2012) asserted that performance is viewed as a multidimensional construct and that the level of performance of a firm differs based on a number of factors that characterize the industry.

It has been argued that the use of marketing mix strategies has been done so as to have a more direct related marketing practice with the outcomes. Effective marketing mix strategies have greatly contributed towards improved business performance in different aspects of a firm such as the growth in sales volume, the level of the return on investment as well as maintenance of the goodwill. This implies that effective marketing mix strategies strengthen the level of competitiveness and the market share. In another study by Kurtz & Boone (2011), effectiveness of marketing mix strategies affects the level of the application of strategies that influence performance of firms. The study argued that challenges which marketers face are in terms of their inability of showing the level of effectiveness of their marketing mix strategies. This makes it difficult on anticipation on the changes which take place in the marketing situation of a firm and evaluation of the whole of the market. It is clear, that there are no agreed conclusions about the marketing mix strategies and their relationship to the performance of firms.

Marketing efforts do not impact performance (product sales or market share) independently of each other. Marketing mix activities need to be coordinated because they interact to determine performance (Gatington, 1993). This will help managers to take advantage of the complimentarily and to avoid incompatibility between marketing mix instruments given constraints by budget and the variables themselves.

Evidence from literature shows that, for example advertising effectiveness is enhanced by the quality of the product(Gatington, 1993), Prior sales person contact retail availability and higher or lower price depending on the advertising medium (Prasad and Ring, 1976). Sales call effectiveness increases with the use of samples and handouts in medical marketing and with advertising, consumer price-sensitivity has been shown to be affected by advertising Sometimes position advertising increasing price sensitivity (Eskin and Baron, 1977), negative in other studies. This phenomenon was attributed to amount of competitive reactions to advertising in the marketing (Gatington 1984). The 4P's marketing mix have been criticized for ignoring the human factor, lack of strategic dimension, offensive postures and lack of interactivity.

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2.8. Empirical Literature Review

Several studies on the impact of marketing mix on sales have taken place. The research also for the overall marketing mix elements such as price, product, promotion and distribution channel as well to stimuli related to a subset of these deals.

The evidence of the impact of marketing strategy on the performance of corporate venture is mixed. In some studies, individual elements of the marketing mix are shown to have a significant effect on market share and profitability (Miller and Camp, 1985; Macmillan and Day, 1987; Tsai, Macmillan and Low, 1991). In another study using the same database, marketing had no significant effect on corporate venture performance (Robinson ,1990).However, in these previous studies, their operationalization of marketing was in consistent with the very definition of the marketing mix as well as previous research on the marketing strategies of mature firms.

Bintu (2017) researched on effect of marketing mix strategy on performance of small scale businesses in Maiduguri Metroplitan, Boron State Nigeria. It was revealed that marketing strategy; product, price, promotion and place have a significant influence on business performance. Ebitu (2016) researched on marketing strategies and the performance of small and medium enterprise in AkwaIbom State Nigeria. It was established that product quality strategy and relationship marketing strategy has a positive and significant influence on profitability and increase in market shares. The study recommended that SME’s in Nigeria should invest more in product quality rather than advertisement.

Akroush (2012) on his study targeting Jordanian organizations' marketing managers and their customers found that external and internal marketing orientations (IMOs) exerted a positive and significant effect on marketing strategy components, namely: product, price, promotion and distribution strategies which in turn exerted a positive and significant effect on customer satisfaction. The finding also indicates that product and price strategies are the strongest drivers of customer satisfaction. Customer satisfaction has a positive and significant effect on organization profitability.

Adewale (2013) research on Impact of Marketing Strategy on Business Performance in Small and Medium Enterprises (SME) in Oluyole Local Government, Ibadan, Nigeria. The study mainly focuses on the independent variables (i.e Product, Promotion, Place, Price, Packaging and after sales service) and dependent variables of business performance in term of profitability, market share, return on investment, and expansion. The researcher found out that marketing strategies (product, place, price, packaging, and after sales service) were significantly independent and joint predictors of business performance. The study however, discovered that promotion has no positive significant effect on business performance.

On the other hand Kisu(2015),studied Effect Of Marketing Strategies On The Performance Of Seed Companies In Kenya. The study used a cross sectional descriptive survey design. The study found out that the marketing strategies used by the seed companies were found to be pricing, people, processes, and place, product and promotion strategies. Pricing strategy was used by the seed companies in determining the price of seeds after taking into consideration competitors" prices and price changes and response to market changes. The study found out that the processes strategy enabled the seed companies to differentiate themselves through packaging in branded materials, marketing of final seeds and production of seeds in order to be consistent in production. The product strategy was found to be efficient in meeting customer wants, providing products with low probability of failure, developing products that have broad market appeal, developing innovative new products and offering a broad product line. The seed companies were found to be using promotional strategy to advertise their products through various media, to elicit attention, interest, desire and action, and focusing on customer needs. The marketing strategies used by the seed companies were found to have resulted in increased average brand equity and market share, company net profit, increased customer satisfaction, increased customer loyalty which is success factors on the performance of any strategic organization. The regression analysis established that marketing strategies influence the performance of seed companies‟. The marketing strategies were found to explain 82.5% of the performance of seed companies.

Kiprotich (2012), did a study on effects of 4ps marketing mix on sales performance of automotive fuels of selected service stations in Nakuru town. The research employed the research design called questionnaire design. The oil marketers‟ performance is significantly influenced by the 4 ps. Each of the elements however carries a unique contribution to sales performance of automotive fuels in the selected stations in Nakuru town.

Generally, from above literature reviews, previous studies have established relationships between marketing strategies and performance; however each of independent variables (Marketing Strategies)affected performance at different percentage rate.

2.9 Conceptual Framework and Hypothesis of the Study

The various elements discussed under this heading include marketing mix strategy (product strategy, pricing strategy, place strategy and promotion strategy) and marketing performance in terms of profitability. The researcher reviewed various theoretical and empirical literatures as follows and conceptual framework developed:

Product

Product is defined as the extent to which organization develops a comprehensive product offer to meet customers' needs and requirements in highly competitive markets (Doyle, 1999). Past researchers have clearly suggested that product influences have a significant impact on business performance (Kazem and Heijden, 2006; Owomoyela et al, 2013). Cavusgil and Zou, (1994) and Lee and Griffith, (2004) noted that better firm performance can be obtained via adapting the product to meet requirements of export customers. Thirkell and Dau, (1998) also found that product had significant and positive correlation with firm performance.

H1: Product strategy has a significant and positive influence on organizational profitability

Price

Price is operationally defined as the extent to which organization practices pricing policies and activities in setting a product price (Zeithaml, 1988).

Kotler (2007) defines price as a cost of producing, delivering and promoting the product charged by the organization. Zeithaml (1988) is of the view that monetary cost is one of the factors that influence consumer's perception of a product's value. In the studies of Colpan, (2006) and Owomoyela et al, (2013) they establish significant relationship between price and business performance. The price you set for your product or service plays a large role in its marketability. According to Wruuck (2013), price plays a central role for Banks in that it impacts on customer satisfaction and profitability.

H2: Pricing strategy has a significant and positive influence on organizational profitability.

Promotion

Promotion is defined as the extent to which organization uses the components of promotion activities and elements in formulating a service and product promotion strategy (Akroush, 2011).

Hakansson (2005), reports that promotion appears as an issue of how to create an optimal mix of marketing communication tools in order to get a product's message and brand from the producer to the consumer. Kotler, (2007) discovers that Promotions have become a critical factor in the product marketing mix which consists of the specific blend of advertising, personal selling, sales promotion, public relations and direct marketing tools that the company uses to pursue its advertising and marketing objective. Previous researches (Amine and Cavusgil, 2001; Francis and Collins-Dodd, 2004) have established positive and significant relationship between promotion and business performance. On the contrary, Adewale et al (2013) discovered that promotion has negative but significant impact on business performance which has contrary opinion to previous researches.

From all dimensions of the marketing mix, the most widely researched was advertising that examined advertising procedure the company can inform, introduce, remind or encourage consumer and, therefore, generated more sale and enhance profit (Leonidou et al., 2002).

H3: Promotion strategy has a significant and positive influence on organizational profitability.

Place

Place, also known as distribution, is defined as the extent to which organization uses distribution channels and activities in setting a service/product distribution strategy (Friars et al., 1985; Easingwood & Storey, 1996). The place where customers buy a product and the means of distributing the product to that place must be appropriate and convenient for the customer. The product/service should be available in the right place and at the right time.

Jones, (2007) defines place as any way that the customer can obtain a product or receive a service. Kotler and Armstrong (2006), also define place or distribution as a set of interdependent organizations involved in the process of making a product available for use or consumption byconsumers. Owomoyela et al, (2013); Amine and Cavusgil, (2001); and McNaughton,(2002) agree that place has significant effect on business performance.

In a competitive environment in market and similarity of the firm in services, the place strategy is a good strategy for differentiation. Lages et al., (2003) also revealed that distribution network/availability was important variable in place marketing strategy. This result previously obtained by Ambler, (2000) that found distribution channel relationship had a positive effect on market share and performance.

H4: Place Strategy has a Significant and positive influence on organizational profitability.

From the above related literatures the conceptual framework formulated as follows.

INDEPENDENT VARIABLES **DEPENDENT VARIABLE**

Marketing mix element Profitability

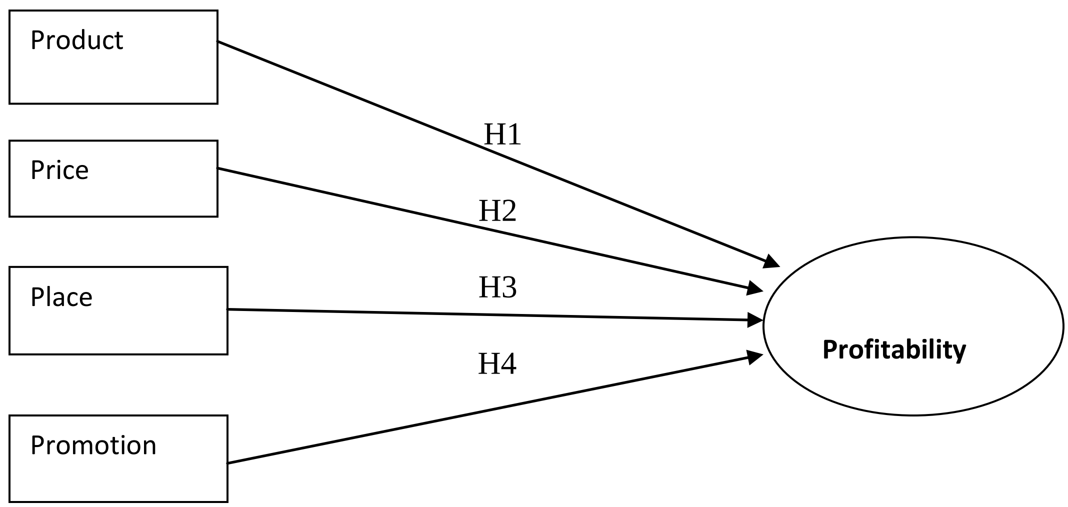

Figure 1:- Conceptual Framework

Source: Adopted from Kotler and Armstrong (2010).

CHAPTER THREE

RESEARCH METHDOLOGY

This part describes the methodologies that the researcher uses in this study. it include description of study area, research approach, research design, target population and sample, data source and types, data collection procedure, ethical consideration and data analysis techniques along with an appropriate justification associated with each approach.

3.1 Description of study Area

The study was focused on the impacts of marketing mix strategy on organizational profitability in the case of automobile dealers in Addis Ababa city. The study mainly covers the 4 P's marketing mix elements such as product, price, place and promotion.

The study was conducted on the selected automobile dealers in Addis Ababa city which have registered and gain trade license in automobile dealing from ministry of trade and industry. The unit of observation for this study would be the managerial level of employees.

3.2 Research Approach

The three methods that were commonly implemented in a research are quantitative, qualitative and mixed, where one of them is not better than the others, all of this depends on how the researcher want to do a study. Quantitative method is a study involving analysis of data and information that are descriptive in nature and quantified (Sekaran, 2003). Quantitative approach is one in which the investigator primarily uses postpositive claims for developing knowledge, i.e., cause and effect relationship between known variables of interest. Therefore, in terms of methods, this research was employed quantitative method while conducting. The reason for choosing such quantitative approach is it answers the research questions that gathered from questionnaires by using statistical data expressed in terms of numbers.

3.3 Research Design

According to Zikmund (2012), a research design is a framework that is used by researchers to conduct research. This research framework includes the procedures as well as the procedural framework necessary for obtaining the data and information needed to structure and solve a research problem.

The main aim of this study was to assess the impacts of marketing mix strategy on organizational profitability. Deductive approach would be applied to develop hypothesis based on what is theoretically known about the research concepts. Both descriptive and explanatory research design would be used because descriptive research involves describing a problem, context or a situation of research variables and explanatory design enables to explain the relationship between marketing mix strategy and organizational profitability.

The researcher use the Cross-sectional field survey method to assess the relationship between marketing mix practices and organizational profitably performance of automobile dealers in Addis Ababa city. In the cross-sectional field survey, independent and dependent variables were measured at the same point in time by using a single questionnaire. In addition the study also said to be associational in design because there was the intent to establish the relationship between dependent and independent variables.

This study investigate the impact of marketing mix practices on organizational profitably performance based on fundamental theories, principles and management philosophies that are supposed to be effective parameters just to evaluate the actual impact of the case company. Therefore, the researcher preferred to use both descriptive and explanatory research type, which helps to use quantitative data analysis.

3.4 Sampling Design

3.4.1 Target population

The populations of the study were employees at managerial positions in these automobile sales in selected dealers. The total populations for the study are those automobile dealers that are registered in ministry of trade and industry that operated in Addis Ababa city. There are about 50 automobile dealers in Addis Ababa city. So the total population for the study is 50. (Ministry of trade and industry 2018).

3.4.2 Sample Frame

A sampling frame is the source material from which a sample is drawn. It represents a list of all elements within a population that can be sampled (Zikmund and Babin, 2012). The researcher conducts the research as census survey study because the total population is small and manageable it is possible to take the whole population under consideration. During the data collection the researcher selects employees at managerial level from each automobile dealer.

3.5 Data Sources and Types

The researcher use primary and secondary data for the entire of study. The information was gathered through questionnaire which is developed by other researcher Odunlami (2013), and modified to this research context. The data collected through questionnaires was used as primary data, and journal articles, written documents, Internet web sites, and document reports from that ministry of trade referred and used as secondary sources.

3.6 Data Collection Procedures

A closed ended questionnaire was used to collect primary data. According to Sansoni (2014), a questionnaire is a data collection tool that is designed to collect structured and unique data from respondents. Questionnaire is a powerful instrument that assists the researcher to collect data from non-public and non-personal way. The questionnaire had a five-point Liker scale.

In the questionnaire there are three sections. The first section describes the background information of the respondent. The second section contains questions related to marketing mix strategies and the last section related to the relationship between marketing mix strategies and profitability.

Questionnaire: close ended questionnaire in a 5 point likert scales would be used to collect data from the sample respondents. The questionnaire had 5 rating scales ranging from 1- strongly disagree to 5 strongly agree. Data gathered through questionnaires were simple and clear to analyses and it allows for tabulation of responses and quantitatively analyzes certain factors.

Furthermore it is time efficient for both the respondents and researcher. The questionnaire was structured in such a way that it includes all relevant parts and information to clearly inform the respondents.

3.7 Data Analysis

Statistical Package for Social Sciences (SPSS) was used to analyze data. Descriptive and inferential stastics was used to analyze data. The researcher would use frequencies, mean, variances, and standard deviations to analyze descriptive research. Inferential statistics is a technique used by researchers to study samples and make generalizations about the population (Zulfiqar and Bala, 2016). The study analyzed inferential statistics using Pearson correlation to determine relationship between variables. Tables and figures will be used to present findings.

The collected data was analyzed and interpret by using quantitative techniques. The data collected by closed ended questionnaires will analyzed quantitatively by using SPSS (v 20). To analyze the data, different kinds of statistical methods including descriptive statistics (frequency, percentage and average) and inferential statistics (correlation and multiple regressions) was used.

3.8 Validity and Reliability

3.8.1 Validity

To achieve validity the researcher was used standardized questionnaire, so, the instrument is already valid and tested. Content validity was further ensured by consistency in administering the questionnaires. All questionnaires would be distributed to subjects by the researcher personally the questions were formulated in simple language for clarity and ease of understanding clear instructions were given to the subjects.

3.8.2 Reliability

Reliability from questionnaire was achieved by ensuring consistency and uniformity in asking questions across time. Therefore each item of the scale must be designed to measure the study objective. Computation of Cronbach's Alpha score was used in measuring internal reliability.

The reliability also improved through standardizing the conditions under which the measurement takes place.

As multiple items in all constructs was used the internal consistency (reliability of marketing mix practices and organizational profitability performance will assessed with Cronbach alpha and the reliability of value for all constructs are all greater than 0.70 which are considered acceptable. Summary of reliability of marketing mix practice and organizational profitability is shown in the table below.

Table 1:- Reliability Cronbach"s alpha

Variable	Item	Cronbach alpha value
Product	7	0.954
Price	9	0.949
Promotion	7	0.949
Place	6	0.949
Profitability	5	0.948
Overall	34	0.951

Source Own survey, 2019

3.9 Ethical Consideration

Brief description of the central objectives or purpose of the study would clearly state in the introductory part of the questionnaires to be filled by the respondents. All information that were collected from the respondents were treated with confidentiality without disclosure of the respondents identity. Moreover, no information was modified or changed, hence information got would present as collect and the entire literatures collect for the purpose of this study was appreciated in the reference list.

CHAPTER FOUR

DATA ANALYSIS INTERPRTATION AND DISCUSSIONS

4.1 Introduction

In this chapter data that were collected to examine the relationship between organizational profitability and marketing mix strategy practice were interpreted and analyzed using SPSS (version 20). The data was collected by using the questionnaire that were developed in five scale ranging from five to one where 1 strongly disagree ,2 disagree ,3 neutral,4 agree and 5 strongly agree. A total of 50 questionnaires were distributed to managerial level of employees among each automobile dealers in Addis Ababa city and 48(96%) were obtained valid and used for analysis. This chapter mainly contains data analysis interpretation and discussion.

4.2 Respondents' Profile

The demographic backgrounds of the respondents in five parameters were presented to understand the profiles of the respondents i.e., gender, age, education and years of experience in managerial position

Table 2:- Profile of the Respondents

Parameters		**Frequency**	**Percent**
Gender	Male	36	75
	Female	12	25
	Under 25 years	2	4.2
Age	25-35years	16	33.3
	36-45years	14	29.2
	46 years and above	16	33.3
Educational level	Certificate	-	-
	Diploma	2	4.2
	BA/BSC	4	8.3

	MA/MSC/MBA and above	42	87.5
Managerial position	Marketing Manager	27	56.3
	Sales manager	17	35.4
	Finance manager	4	8.3
Service year in Managerial position	Less than 1 year	3	6.3
	1– 2 years	11	22.9
	3 – 4 years	13	27.1
	5 years and above	21	43.8
Total		48	100

Source: Survey result, 2019

From the above table about 75% employees were male and the least 25% staffs were females. The age of majority employees were between 25 and 35 and above 46 years old that accounts 33.3%. Employees who were under 25years are 4.2 % and from 36 to 45 years old are 29.2%.This indicates that there is a potential advantage for working by young employees especially to achieve future objectives of the company's marketing mix strategy and the young employees are more eager to work. As the above table depicts the level of education, 8.3% of the respondents were BA/BSC holders and 4.2% were Diploma holders, where as the majority 87.5% were second degree and above. The table shows that all the respondents are educated and more than Certificate holders. This implies that it is a good advantage for marketing mix strategy application and gives the organization a competitive advantage. In addition, all respondents were expected to understand the questionnaire and respond correctly. With respect to the position of the respondents, majority of the respondent were marketing managers. This indicates the selected respondents have a clear understanding about the marketing mix strategy design and implementation and its effect on organizational profitability. To end, the highest number of respondents (22.9%) have experienced of 1 to 2 years in the company. (43.8%) of the respondents had 5 years and above experience, (6.3%) respondents had Less than 1 year experience, (27.1%) respondents had 3 to 4 years of experience in the company.. Generally, Marketing managers are knowledgeable about the marketing mix strategy practices and activities of the company.

4.3 Marketing Mix Strategies

Marketing mix strategy is a crucial determinant of successful firm performance. However, good strategy planning alone does not guarantee success. Successful strategies also involve robust and effective implementation, evaluation, and control mechanisms. This section discusses the questionnaire sought to get from the respondents following regarding the influence of marketing mix strategies on profitability in the case company.

For all marketing mix elements (product, price, promotion and place) the mean score and standard deviation have been computed. The table below shows the computed descriptive statistics such as mean score and standard deviation result for both dependent and independent variables.

4.3.1 Product strategy

In this variable about eight constructs distributed for the respondents related with the variety of product, quality, brand, customer complain about the product and product ability in meeting the customer requirement. The mean score obtained from the response of the respondent presented as follow.

Table 3:- Mean score and standard deviation for product strategy

Descriptive Statistics

Item	N	Mean	Std. Deviation
Your organization provide varieties of products in meeting customer satisfaction	48	4.167	.975
Your organization provide quality product for its customer	48	4.250	.565
Product appearance, smell, flavor does not affect sales volume	48	2.250	1.042
The brand name influences organizational profitability	48	4.208	.410
Customers complain about the quality of your products.	48	2.167	1.173
Your products meet customers' requirements	48	4.146	1.148
Your organization gives room for product warranty	48	4.292	.849
Product strategy mean overall		**3.6399**	**0.3133**
Valid N (listwise)	48		

Source: Own survey, 2019

As it can be seen from the table, the mean value of product strategy is 3.64. And from the sub questions asked under product, the highest mean score, 4.292 is obtained on "automobile dealers provides room for product warranty" which shows that majority of the respondent agrees that those automobile dealers provides a room for product warranty because to maintain high level of sale the customer should obtain a guarantee for the product. And the lowest mean which shows the respondent disagrees that there is customer complain about the quality of the product.
(mean= 2.1667). Generally from the above table a researcher concluded that majority of the respondents agree that the organization provides variety of products in meeting customer satisfaction. Quality products, meets customers requirement and gives room for product warranty (mean value above 4.00). .

4.3.2 Pricing strategy

Under this variable about nine constructs related to the organization pricing strategy aspect such as the effect of pricing on profitability, the appropriateness of the price of the product, value based pricing, discount and credit terms ,and the usage of pricing skill in the organization are addressed in the pricing strategy questions. The individual construct and the overall pricing mean and standard deviation is computed as follows.

Table 4:- Mean score and standard deviation of pricing strategy

Descriptive Statistics

Item	N	Mean	Std. Deviation
Use of pricing strategy has increased profitability	48	4.313	.689
Prices of products are appropriate	48	4.167	1.078
Value-based pricing has a positive impact on profitability	48	4.208	.771
The pricing decisions allow for discounts.	48	4.083	.942
The pricing decisions allow for payment period	48	4.125	.841
The pricing strategy gives room for large customer base	48	4.458	.713
Applying strategies to the prices leads to increase in profit thereby contributing to the achievement of objectives	48	4.292	.771
The pricing decision allows for credit terms	48	4.417	.871
The company uses pricing skills and systems to respond quickly to market changes	48	4.250	.910
Pricing strategy overall mean		**4.2569**	**.6548**
Valid N (listwise)	48		

Source Own survey, 2019

From the above table the highest mean in the pricing strategy practice for those automobile dealers is the pricing strategy gives room for large customer base (Mean=4.458) followed by the pricing strategy allows for credit terms(Mean=4.417). This implies that in order to increase the sales amount the company should provide credit for its customer in turn so as increase the profitability. Generally from the above table a researcher concluded that majority of the respondents agree with all the constructs under pricing strategy of the organization includes effect of pricing on profitability, the appropriateness of the price of the product, value based pricing, discount and credit terms ,and the usage of pricing skill in the organization (with mean value above 4.00).

4.3.3 Promotion strategy

Under this variable about seven constructs related to the promotional tools used by the organization such as the application of promotional strategy, uses of advertising, sales promotion, personal selling, publicity, direct marketing and its effect on profitability are addressed in the questions. The mean score and standard deviation for each constructs in the promotional strategy practice computed as follows.

Table 5:- Mean score and standard deviation for promotion strategy

Descriptive Statistics

Item	**N**	**Mean**	**Std. Deviation**
People know your products based on your Promotional strategy.	48	4.354	.69923
Your organization applies advertising as one of the promotional strategy	48	4.354	.72902
Your organization applies sales promotion as one of the promotional strategy	48	4.354	.81187
Your organization applies personal selling as one of the promotional strategy	48	4.375	.73296
Your organization applies publicity as one of the promotional strategy	48	4.375	.78889
Your organization applies direct marketing as one of the promotional strategy	48	4.354	.69923
Your promotional strategy influences the profitability positively	48	4.2912	.77070
Promotion strategy overall mean		**4.3512**	**.66744**
Valid N (listwise)	48		

Source Own survey, 2019

From the above table the mean for the application of personal selling and publicity showed the highest mean(4.375) followed by the application of the other promotional tools such as advertising, sales promotion, direct marketing. This implies those automobile dealers apply the integrated marketing communication tools by combining in order to increase the awareness of its customer and then increase the sales and profitability. Generally a researcher concluded that majority of the respondents agrees with all the constructs under promotion mix such as uses of advertising, sales promotion, personal selling, publicity, direct marketing and its effect on profitability (mean value above 4.00)

4.3.4 Place/distribution strategy

Under this variable about six construct related to the place strategy practice of the organization such as the way of getting target customer, the effects of place on sale and profit, geographic location, and the effectiveness of channel coverage and transportation system address in the questionnaires. The mean and standard deviation for each constructs presented as follows.

Table 6:- Mean score and standard deviation for place strategy

Descriptive Statistics

Item	N	Mean	Std. Deviation
Your products get to the target customers through your distributional channels	48	4.271	.676
Use of distribution channels influences sales and profit	48	4.167	.808
Geographic location has a significant influence on profitability	48	4.021	.887
Locations of the products aid accessibility	48	4.229	.751
The channel coverage is effective	48	4.146	.799
Transportation system is effective	48	4.042	.824
Place strategy mean overall		**4.1458**	**.66010**
Valid N (listwise)	48		

Source Own survey 2019

From the above table the highest mean in the place strategy practice is the location of the product accessibility (mean=4.229) which entails that the product provided by the company is accessible even though the mean for each constructs under this variable is different, the respondents agree that the organization use distribution strategy for obtaining target customer, distribution channel influences sales and profit ,geographic location influence profitability, locations of the product aid accessibility, and the effectiveness of channel coverage and transportation system. This implies the organization applies the appropriate place strategy in order to increase the sales amount in turn increase its profitability.

4.3.5 Marketing mix strategy (4Ps)

After the mean and standard deviation for each constructs under each independent variable were computed the overall mean for each independent variable computed and presented as follows.

Table 7:- Mean and standard deviation of marketing mix

	PRODUCT	**PRICE**	**PROMOTION**	**PLACE**
N (Valid)	48	48	48	48
Mean	3.639	4.257	4.351	4.146
Sta dev	0.313	0.655	0.667	0.660

Source Own survey, 2019

Generally all the above mentioned points are summarized, promotion, which has the highest mean value of 4.35, is the dominant marketing mix elements that have strong relation with the profitability. Followed by price with mean value of 4.26, place 4.15, and product 3.64. It implies that the automobile dealers should give due consideration for improving all marketing mix strategy especially the product mix as the mean value for this elements is relatively low.

4.3.6 Extent of profitability

About five questions which help to gather information about the extent of promotion strategy practice was distributed to the employees of the case company and the mean and standard deviation result gained was summarized in the table below.

Table 8:- mean score and standard deviation of profitability

Descriptive Statistics

Items	N	Mean	Std. Deviation
Your organization achieved maximum profitability as a result of the application of product strategy	48	4.146	.714
Your organization achieved maximum profitability as a result of the application of pricing strategy	48	4.188	.816
Your organization achieved maximum profitability as a result of the application of promotional strategy	48	4.167	.808
Your organization achieved maximum profitability as a result of the application of distribution strategy	48	4.188	.816
Generally Your organization achieved maximum profitability as a result of the application of strategies to the marketing mix.	48	4.167	.808
Valid N (listwise)	48		

Source own survey, 2019

From the above table, an attribute/the items from profitability "Your organization achieved maximum profitability as a result of the application of pricing strategy" and "Your organization achieved maximum profitability as a result of the application of distribution strategy yielded the highest score 4.188 followed by "Your organization achieved maximum profitability as a result of the application of promotional strategy and Generally Your organization achieved maximum profitability as a result of the application of strategies to the marketing mix with mean score of 4.167. And the aggregate mean score of profitability is 4.17

4.4 Assumption Testing for Regression Analysis

Meeting the assumptions of regression analysis is necessary to confirm that the obtained data truly represented the population and that researcher has obtained the best results (Hair et al., 1998). Three assumptions for regression analysis used in this study were discussed for the individual variables: multi-collinearity, linearity and normality and Homoscedasticity (Hair et al., 1998). In the following paragraphs, each assumption is explained

4.4.1 Multicollinearity Test:

Multiple regressions, is used to analyze relationships between more than two variables, and non-linear regression, which is used to analyze relationships that do not have a straight-line pattern. In multiple regression analysis, multicollinearity refers to a situation where a number of independent variables are closely correlated to one another. Multicollinearity test is done using variance inflation factor (VIF). The VIF indicates whether a predictor has a strong linear relationship with other predictor(s). As a rule of thumb, if the VIF of a variable exceeds 10, there will be a serious multicollinearity problem. The tolerance statistics, which is the reciprocal of VIF (1/VIF), also used to test multicollinearity. Tolerance values below 0.2 indicates serious multicollinearity problem.

Table 9:- Multicolliniarity test

Model		Collinearity Statistics	
		Tolerance	VIF
1	Product	.683	1.463
	Price	.267	3.744
	Promotion	.376	2.661
	Place	.453	2.206

Source Own survey, 2019

As clearly seen from the above Table that there is no multicollinearity issue, whereby the VIF value is less than 10 and the value of tolerance is not below 0.2(field,2005). Hence, the assumption of multicollinearity has not been violated.

4.4.2 Linearity

The linearity of the relationship between the dependent and independent variable represented the degree to which the change in the dependent variable is associated with the independent variable (Hair et al., 1998). In a simple sense, linear models predict values falling in a straight line by having a constant unit change (slope) of the dependent variable for a constant unit change of the independent variable (Hair et al., 1998). Conventional regression analysis will underestimate the relationship when nonlinear relationships are present, i.e., R2 underestimates the variance explained overall and the betas underestimate the importance of the variables involved in the non-linear relationship (Malhotra et al. 2007). Substantial violation of linearity implies that regression results may be more or less unusable (Malhotra et al. 2007).

The scatter plots of standardized residuals versus the fitted values for the regression models were visually inspected. The plots did not reveal any systematic pattern, thus providing support for the specified linear relationship, as suggested by (Malhotra et al. 2007).

4.4.3 Normality of the Error Term Distribution

In terms of this assumption, a check for normality of the error term is conducted by a visual examination of the normal probability plots of the residuals (Malhotra et al., 2007). Malhotra etal. (2007) propose that normal probability plots are often conducted as an informal means of assessing the non-normality of a set of data. According to Hair et al. (1998), the plots are different from residuals plots in that the standardized residuals are compared with the normal distribution. In general, the normal distribution makes a straight diagonal line, and the plotted residuals are compared with the diagonal (Hair et al., 1998). If a distribution is normal, the residual line will closely follow the diagonal (Hair et al., 1998). Malhotra et al. (2007) explain that the correlation coefficient‖ will be near unity if the data fall nearly on a straight line. The correlation coefficient‖ will become smaller if the plot is curved.

The normality probability plots were plotted to assess normality. The P-P plots were approximately a straight line instead of a curve. Accordingly, the residuals were deemed to have a reasonably normal distribution, as suggested by Hair et al. (1998).

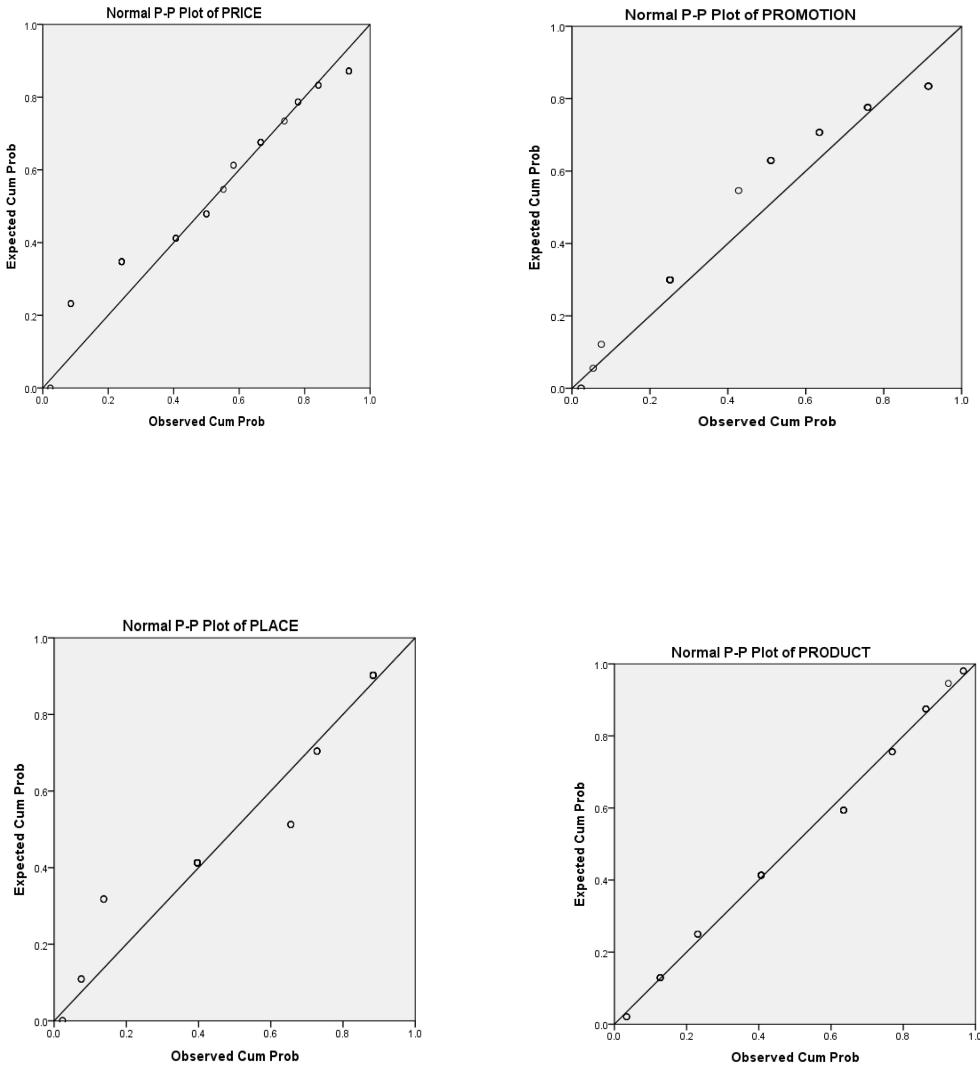

Figure 2:- Normal P-P Plots of Variables for Normality Test

Source: Researcher's Survey 2019

4.4.4 Homoscedasticity (Equal Variance)

The variability in scores for independent variables should be similar at all values of the dependent variable. The scatter plot should show a fairly even rectangular shape along its length. There should be homoscedasticity before running multiple regression analysis. This means that the residuals (the differences between the values of the observed and predicted dependent variable) are normally distributed, and that the residuals have constant variance (Field, 2005). Which indicates the assumption of Homoscedasticity was met (see Appendix B).

4.5 Relationship between Marketing mix Strategies and Profitability

A. Correlation Analysis

Correlation analysis was used to examine the associations between each of the 4Ps of marketing mix and profitability. A correlation refers to a quantifiable relationship between two variables, and the statistic that provides an index of that relationship is called a correlation coefficient r, which is a measure of relationship between two interval or ratio variables (Akroush, 2003).

The correlation coefficient is scaled so that it is always between -1 and +1. When r is close to 0 this means that there is little relationship between the variables and the farther away from 0. r is, in either the positive or negative direction, the greater the relationship between the two variables. If there is perfect linear relationship with positive slope between the two variables, we have a correlation coefficient of 1; if there is positive correlation, whenever one variable has a high (low) value, so does the other. If there is a perfect linear relationship with negative slope between the two variables, we have a correlation coefficient of -1; A correlation coefficient of 0 means that there is no linear relationship between the variables (Valerie and McColl, 2005).

Table 10:- Correlations matrix of Marketing strategies and Profitability

		Product	Price	Promotion	Place	Profitability
Product	Pearson Correlation	1				
	Sig. (2-tailed)					
	N	48				
Price	Pearson Correlation	.472**	1			
	Sig. (2-tailed)	.001				
	N	48	48			
Promotion	Pearson Correlation	.142	.738**	1		
	Sig. (2-tailed)	.335	.000			
	N	48	48	48		
Place	Pearson Correlation	.274	.715**	.654**	1	
	Sig. (2-tailed)	.059	.000	.000		
	N	48	48	48	48	
Profitability	Pearson Correlation	.399**	.830**	.721**	.881**	1
	Sig. (2-tailed)	.005	.000	.000	.000	
	N	48	48	48	48	48

****. Correlation is significant at the 0.01 level (2-tailed).**
Source: Survey Results, 2019

The results of the correlation analysis indicate that all of the marketing mix variables are positively related to profitability. According to Cohen (1998), strength of correlations can be interpreted as follows.

Strength of correlation

- r = - + .10 to - + .29 small effect (weak)
- r = - + .30 to - + .49 medium effect(moderate)
- r = - + .50 to - + 1.0 large effect(strong)

Hence, place, price and promotion have a strong, positive and significant correlation with profitability ($r=0.881$, $p<0.01$, $r=0.830$, $p<0.01$ $r=0.721$, $p<0.01$) respectively. These results imply how important the marketing mix strategy has a great role in the profitability of the company.

On the other hand, product has moderate yet significant correlation with profitability ($r=0.399$, $p<0.01$)

The results indicate that the independent variables (predictor variable) have positive correlation with the dependent variable. Accordingly, it is possible to conclude that there is a positive, significant and strong correlation or relationship between marketing mix (4Ps) strategy and organizational profitability so that any improvement in one of the dimensions will positively affect to profitability.

B. Multiple Regression Analysis

Multiple regression is an extension of simple linear regression. It is used when we want to predict the value of a variable based on the value of two or more other variables. The variable we want to predict is called the dependent variable (or sometimes, the outcome, target or criterion variable). The variables we are using to predict the value of the dependent variable are called the independent variables (or sometimes, the predictor, explanatory or regressor variables). Multiple regression, also allows you to determine the overall fit (variance explained) of the model and the relative contribution of each of the predictors to the total variance explained (Laerd Statistics, 2013).

To examine the impact of the marketing strategy variables on the organizational profitability, multiple regressions is applied to the data set. The main aim here is to see the extent to which profitability is affected by the marketing mix variables shown in terms of the Adjusted R-squared value, the regression coefficients (Beta coefficient) and the p-values for the significance of each relationship.

Regression analysis is a statistical measure that attempts to determine the strength of the relationship between one dependent variable and a series of other changing variables (known as independent variables). More specifically, regression analysis helps one understand how the typical value of the dependent variable changes when any one of the independent variables is varied, while the other independent variables remain constant. Next, for this study, regression analysis is used to identify the impact of marketing mix strategy on organizational profitability in order to answer the main research question

Table 11:- Regression model summary of marketing mix elements (4Ps)

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.930[a]	.866	.853	.28770

a. Predictors: (Constant), Product ,Price, promotion, Place

b. Dependent variable :profitability

Source: Own survey, 2019

As shown from the above Table 11, the regression analysis, there is a positive statistical relationship between marketing mix strategy (the independent variable) and profitability (the dependent variable). The coefficient of determination (R-squared) indicates the proportionate amount of variation in the response variable (profitability) explained by the independent variable (marketing mix 4Ps) in the linear regression model. The larger the R-squared is, the more variability is explained by the linear regression model. Thus, 85.3% (R2 =.853) of the variation on organization profitability is explained by the 4 Ps of marketing mix elements.

Table 12:- ANOVA of marketing mix elements on profitability

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
	Regression	22.920	4	5.730	69.229	.000[b]
1	Residual	3.559	43	.083		
	Total	26.479	47			

a. Dependent Variable: Profitability

Predictors: (Constant), Product, Price, Promotion, Place

Source own survey 2019

The significance level is 0.00 which is less than 0.05. This indicates that the model was statistically significant at the 5% level of significance.

In the above ANOVA table F test and p value indicate the explanatory power of the independent variable. And obviously, the null hypothesis is that; the model has no explanatory power. Which means the entire coefficient on the independent variables is zero or none of the independent variables help to predict the dependent variable.

But, as it is shown in the above ANOVA table p- value for both is 0.000 and which is less than 0.05 and it is statically significant. So we conclude that there is very strong evidence to reject the null and accept the alternative. Since the p-value is statically significant we can say that there is supported relationship between marketing mix strategy practices and profitability.

Table 13:- Regression Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	-1.292	.564		-2.290	.027
	PRODUCT	.210	.162	.087	1.293	.203
	PRICE	.338	.124	.294	2.722	.009
	PROMOTION	.135	.103	.120	1.320	.194
	PLACE	.645	.094	.567	6.829	.000

a. Dependent Variable: PROFITABILITY

b. Predictors product, price, promotion and place

All of the regression coefficients (Beta Coefficients) between the 4Ps and organization profitability have positive values. Hence, there is no inverse relationship between the marketing mix variables and organizational profitability.

The findings revealed that only two of the independent variables Price (β = 0.338; P<.05); Place (β = 0.645; P<.05); have a positive as well as significant relationship with the independent variable, i.e. profitability. Consequently, these findings provide support for H2, and H4. Surprisingly, Product and Promotion failed to show significant relationships with the organizational profitability but maintained positive ones.

The empirical findings also indicated that Place is the strongest predictor or has the most significant impact in the organization profitability because it has the highest Beta coefficient result (β = 0.645; p<.05). The Beta Coefficient result of 0.645 signifies that for a 1 unit change in the independent variable (place), the dependent variable (profitability) will change 0.645 units. It is apparent from this result that place is a decisive factor that affects organization profitability. This result implies that Distribution creates convenience for customers and achieves basic, yet significant, benefits such as time, place, form and delivery benefits for organizations customers.

According to the regression equation established, taking all the four marketing mix strategies into account constant at zero, profitability of the case company will be -1.292

The data findings analyzed also shows that taking all other independent variables at zero, a unit increase in product strategy will lead to a 0.210 increase in organizational profitability; a unit increase in price strategy will lead to a 0.338 increase in the case company profitability; a unit increase in promotion strategy will lead to a 0.135 increase in profitability of the case company and a unit increase in place strategy will lead to a 0.645 increase in profitability of the case company.

$$\hat{Y} = -1.292 + 0.210\,X1 + 0.338X2 + 0.135x3 + 0.645X4$$

4.6 Hypothesis Testing

Hypothesis testing is based on standardized coefficients beta and P-value to test whether the hypothesis is rejected or not.

Hypothesis 1: Product strategy has a significant and positive influence on organizational profitability

Ho: Product strategy has significant and positive effect on organizational profitability

Ha: Product strategy has not significant and positive effect on organizational profitability.

The results of multiple regression as presented in Table 13 illustrate there is a positive but insignificant relationship between product and organizational profitability with a beta value of 0.210, at 95% confidence level. From this the researcher concluded that the null hypothesis that product will not have significant and positive effect on organizational profitability is failed to reject.

Hypothesis 2: Pricing strategy has a significant and positive influence on organizational profitability.

Ho: Pricing strategy has significant and positive effect on organizational profitability.

Ha: Pricing strategy has not significant and positive effect on organizational profitability.

The result of multiple regressions as presented in Table 13 illustrate there is a strong positive and significant relationship between pricing strategy and organizational profitability. With a beta value of 0.338, at 95% confidence level. From this the researcher concluded that the alternative hypothesis that Pricing strategy will have significant and positive effect on organizational profitability is supported by the data set and the null hypothesis is rejected or not supported by the data set.

Hypothesis 3: Promotion strategy has a significant and positive influence on organizational profitability.

Ho: Promotion strategy has significant and positive effect on organizational profitability.

Ha: Promotion strategy has not significant and positive effect on organizational profitability.

The result of linear regression as presented in Table 13 illustrate there is a positive but insignificant relationship between promotion strategy and organizational profitability with a beta value of 0.135, at 95% confidence level. From this the researcher concludes that the alternative hypothesis that Promotion strategy will have significant and positive effect on organizational profitability is not supported by the data set.

Hypothesis 4: Place Strategy has a Significant and positive influence on organizational profitability.

Ho: Place strategy has significant and positive effect on organizational profitability.

Ha: Place strategy has not significant and positive effect on organizational profitability.

The result of linear regression as presented in Table 13 illustrate there is a strong positive and significant relationship between place strategy and organizational profitability with a beta value of 0.645, at 95% confidence level. From this the researcher concluded that the alternative hypothesis that place strategy will have significant and positive effect on organizational profitability is supported by the data set and the null hypothesis is rejected or not supported by the data set.

Summary of Hypothesis Testing

Hypothesis	Analysis used	Findings	Results	Reason
H1	Multiple Regression	Positive Insignificant	Fail to accept	B=.210 P>0.05
H2	Multiple Regression	Positive Significant	supported	B=0.338 P<0.05
H3	Multiple Regression	Positive Insignificant	Fail to accept	B=0.135 P>0.05
H4	Multiple Regression	Positive Significant	Supported	B=0.645 P<0.05

4.7 Comparison of Findings with Previous Studies

In this part, a comparison is done between the findings of this study and previous empirical evidence. As can be observed from the table below, some of the results obtained in this study are in line with the previous empirical findings while some are different.

Table 14:- Comparison between findings in this study and previous empirical evidence related to marketing mix and their impact on profitability

Author(s)	Results	Results of this Study
Kazem and Heijen (2006); Owomoyela et al (2013)	Product influences have a significant impact on business performance	Unlike the previous researches, Product has no significant yet a positive relationship with firm financial performance that is profitability
Cavusgil and Zou (1994); Lee and Griffith (2004)	Better firm performance can be obtained via adapting the product to meet requirements of export customers	

Thirkell and Dau (1998)	product has significant and positive correlation with firm performance	Product has positive correlation with profitability but insignificant Effect on profitability.
Colpan (2006); Owomoyela et al (2013)	Price has a significant relationship with business performance	Price has a positive & significant relationship with profitability. It is the strongest predictor among the marketing mix elements
Wruuck(2013)	Pricing in banks has impact on customer satisfaction and profitability	
Amine and Cavusgil (2001); Francis and Collins-Dodd (2004)	Promotion has a positive and significant relationship with business performance	Unlike previous study Promotion has a positive &insignificant relationship with profitability
Owomoyela et al (2013); Amine and Cavusgil (2001	Place has significant effect on business performance	Place has a positive and significant relationship with profitability
Ambler (2000)	Distribution channel relationship has a positive effect on market share and performance	Place is one of the strongest predictor and have a great positive relationship with profitability.
Akroush (2011)	The strongest predictors of financial performance are people, price and distribution respectively. Marketing mix have a positive and significant influence on Jordan's service firm performance	The strongest predictors of financial performance i.e. profitability are place and price. These elements have a positive & significant influence on firm financial performance that is profitability

4.8 Discussions of the Results

As the coefficient of the regression model indicates that the independent variables (i.e Place, Price,) were significant joint predictors of business performance in term of profitability (F (4, 48; $R^2 = 0.853$; $P< .05$). The independent variables jointly explained 85.3% of variance in business performance. Furthermore, place ($\beta = 0.645$; $P<.05$); and price ($\beta = 0.338$; $P<.05$); were significant independent predictors of organizational profitability. These results are in line with

Akroush (2011); Colpan (2006); Owomoyela et al (2013);Ambler (2000); Chiliyaet al, (2009) and Owomoyelaet al, (2013) who agreed that marketing mix strategy is the blood of business organization. However, promotion (β = 0.135; P>.05) and product (β=0.210; P>0.05) has positive impact but insignificant on business performance i.e. profitability. This result has contrary opinion to the previous researches and this may be due to the consumer perception that heavily promoted products could be problematic products of poor quality, with passed expiry dates, and from clearance stocks. Consumers may also perceive that heavier promotions also mean that the products are sold at higher prices, which will turn-off consumers who are in the low-cost segment of the consumer market

Place consideration is seen to be another factor having an impact on profitability. This simply means the location, accessibility and channel of distribution employed by business organization is a major concern.

The study also indicates that price consideration has a significant positive impact on business performance. This is because many consumers are motivated to buy products at lower prices. The customer base in the low price segment of the product market is big. These customers in the low-cost segmentalways look for products that offer value for money.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5. Introduction

This chapter summarizes the findings of the study and the conclusions drawn from the analysis. The study mainly examined the impact of marketing mix strategy on organizational profitability in the case of automobile dealers in Addis Ababa city. This chapter presents, major findings, conclusions and recommendations based on the analysis and interpretations made at the pervious chapter.

5.1 Summary of Findings

The demographic background of the respondents revealed that,

- ✓ The demographic characteristics of respondents show that 75% of the respondents were male employees while the remaining 25% were females.
- ✓ Among the respondents the age of majority were between 25 and 35 years and above 46 years old that accounts 33.3%. Employees who were under 25years are 4.2% and from 36 to 45 years old are 29.2%
- ✓ In regards to educational level of the respondents 8.3% of the respondents had a first university degree, 4.3% of the respondents had diploma, and 87.5% awarded masters & above.
- ✓ In regards to position of the respondents 56.3% were marketing manager, 35.4% were sales manager and 8.3% were finance managers. .
- ✓ Among the respondents 22.9% of them stay 1 to 2 year in the organization, 43.8% of them stay 5 year and above in the organization ,27.1% of them stay 3 to 4 years in the organization and 6.3% of them stay less than 1 year in the organization.

The empirical results from correlation and regression analysis show that,

• Place ($r=0.881$, $p<0.01$), price ($r=0.830$, $p<0.01$), and promotion ($r=0.721$, $p<0.01$) have a strong, positive and significant correlation with organizational profitability. While, product ($r=0.399$, $p<0.01$) has moderate and significant correlation with organizational profitability.

• The multiple regression results revealed only two of the predictor variables Price ($\beta = 0.338$; $P<.05$); Place ($\beta = 0.645$; $P<.05$) had a positive and significant influence on profitability.

The independent variables jointly explained 85.3% of variance in the financial performance.

• The findings also indicated that Place ($\beta = 0.645$; $p<.05$) is the strongest predictor of financial performance followed by Price ($\beta = 0.338$; $P<.05$), Product ($\beta = 0.210$; $P<.05$) and Promotion ($\beta = 0.135$; $P<.05$), respectively.

5.2 Conclusions

Marketing is a key element for the success of businesses regardless of their size, sector, nature of work and even their aims or objectives. Companies today operate in an increasingly turbulent and very dynamic environment. However, there are also numerous challenges that are arising by the day. To mention a few, heightened competition among each dealers, increasing awareness and change in needs and wants of customers and the increasing regulatory pressures are some of them. To overcome the mounting challenges and ensure sustainable growth and profitability, there is an urgent need to adopt purposeful marketing strategies that are focused around customers' needs and there is a need to implement them effectively. Customers nowadays have become very specific and demanding about their financial needs. They expect quality product which have high brand equity, appropriate price accessibility, money transfer, financial advice, speedy customer service and so much more. In order to satisfy customers, gain competitive advantage and improve performance, the prime key is found to be adopting successful marketing strategies.

Empirical findings in the study revealed that two of the marketing mix variables have made impact on the profitability of automobile dealers. However, the impact that each of these variables have on organizational profitability varies. Some variables such as price and place have stronger predictors. The results also showed that the marketing mix variables only explained part of the profitability of the automobile dealers and the rest are due to other factors which are beyond the scope of this study.

5.3 Recommendations

In today's business environment where there is increasing competition, globalization pressures, increasing customers needs and wants, and the edge of information technology, organizations have to respond radically and adjust themselves by coming up with marketing strategies that set them apart from the competition and ensure their success. In light of the findings of this study the following recommendations are suggested as being valuable to the automobile dealers.

- Distribution strategy is important element which strongly predicts organizational profitability. Hence, the company should increase the accessibility and convenience of its location and ensure availability of multiple distribution options.
- Pricing strategy has been identified as one of the major predictors of organizational profitability. Customers today are more demanding and willing to switch to other providers due to price. Therefore, the dealers should set its prices against this background and charge acceptable and competitive price and communicate same to customers in an easily understandable way. The organization should use price promotion strategy such as uses price discounts, free samples, bonus packs to increase customer's intention to purchase their products hence increase in sales volume. Price penetration strategy should also be used to increase product adoption.
- Nowadays customers have become more demanding and more particular about what they want. Therefore during the marketing strategy planning process the needs and wants of current and potential customers should be considered.
- To keep its financial leadership among competitors, the dealers should devise marketing strategies that make it stand out from the competition and increase its performance.

5.4 Suggestions for future research

The approach and empirical findings of this study provide a platform for a variety of future research efforts. Even though the study is census survey it is recommended that a similar study may be undertaken using a bigger population of companies in other sector and make a comparative analysis.

It is also fruitful to examine the research model in this study in a wide range of service businesses which will be helpful for generalization purposes. Hence, a potential area of future research is to examine the research model among and between several services industries to examine the relationship between marketing strategy (4Ps) and performance. This research is also limited in that it only focused on performance of firms measured on financial parameters especially on profitability. Future researches could also study the effect of marketing strategies on both financial and non-financial measures.

Moreover, mediating factors affecting the relationship between marketing strategies and profitability are not included in this study. According to Akroush (2003), company marketing assets and capabilities and company marketing experience are found to have the most influential effect, and are the master moderators on the relationships between the marketing strategy components and the company performance. This provides an opportunity for a research endeavor including these moderators.

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Appendix A: Research Questionnaire

Addis Ababa University

College of Business and Economics

School of commerce

MA Program

Questionnaire

Dear respondents;

The purpose of this questionnaire is to enable me to carry out a research for the partial fulfillment of master's degree in Marketing Management. The research focuses on the topic of "The impact of Marketing Mix Strategy on organizational Profitability". A Marketing strategy questionnaires are tools used to collect data from employees regarding Marketing. Hence, to gather information, I kindly seek your assistance in responding to the questions listed below. Any information you present will be kept confidential and will be used only for academic purpose. Your cooperation and prompt response will be highly appreciated.

N.B: Writing your name is not necessary

Put "√" for your choice in the box provided

Contact Address

If you have any question, please contact me and I am available as per your convenience (Mobile: 0927127706)

Thank You!!

Part1: Demographic Information

1. Gender

1. Male 2. Female

2. Age

1. Under 25 years 2. 25-35years 3.36-45years

4. 46 years and above

3. Educational level

1. Certificate 2. Diplomas 3. BA/BSC

4. MA/MSC/MBA and above

4. Position

1. Marketing manager

2. Sales manager

3. Finance manage

5. How long have you been employee of this company?

1. Less than 1 year

2.1– 2 years

3. 3 – 4 years

4. 5years and above

Part 2 In relation to Marketing mix Strategies of Automobile dealers

Please indicate your opinion as per the level of disagreement or agreement with the outline statement using 1 to 5 scale guideline. 1= strongly agree 2- Agree, 3= Undecided, 4 =Disagree, 5= strongly Disagree

Product

S/N	ITEMS	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
1	Your organization provide varieties of Products in meeting customers' satisfaction.					
2.	Your organization provide quality product for its customer.					
3.	Product appearance, smell, flavor does not affect sales volume					
4.	The brand name influences organizational Profitability					
5.	Customers complain about the quality of your products.					
6.	Your products meet customers' requirements					
7.	Your organization gives room for product Warranty					

PRICE

S/N	ITEMS	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
1.	Use of pricing strategy has increased profitability.					
2.	Prices of the products are appropriate.					
3.	Value-based pricing has a positive impact on profitability.					
4.	The pricing decisions allow for discounts.					
5.	The pricing decisions allow for payment Period.					
6.	The pricing strategy gives room for large Customer base.					
7.	Applying strategies to the prices leads to Increase in profit, thereby contributing to the Achievement of objectives.					
8.	The pricing decision allows for credit terms.					
9.	The company uses pricing skills and systems to respond quickly to market changes					

PROMOTION

S/N	ITEMS	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
1	People know your products based on your Promotional strategy.					
2	Your organization applies advertising as one of the promotional strategy					
3	Your organization applies sales promotion as one of the promotional strategy					
4	Your organization applies personal selling as one of the promotional strategy					
5	Your organization applies publicity as one of the promotional strategy					
6	Your organization applies direct marketing as one of the promotional strategy					
7	Your promotional strategy influences the profitability positively					

PLACEMENT/DISTRIBUTION

S/N	**ITEMS**	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
1	Your products get to the target customers Through your distributional channels.					
2.	Use of distribution channels influences sales and profit					
3.	Geographic location has a significant influence on profitability					
4	Locations of the products aid accessibility					
5	The channel coverage is effective					
6	Transportation system is effective					

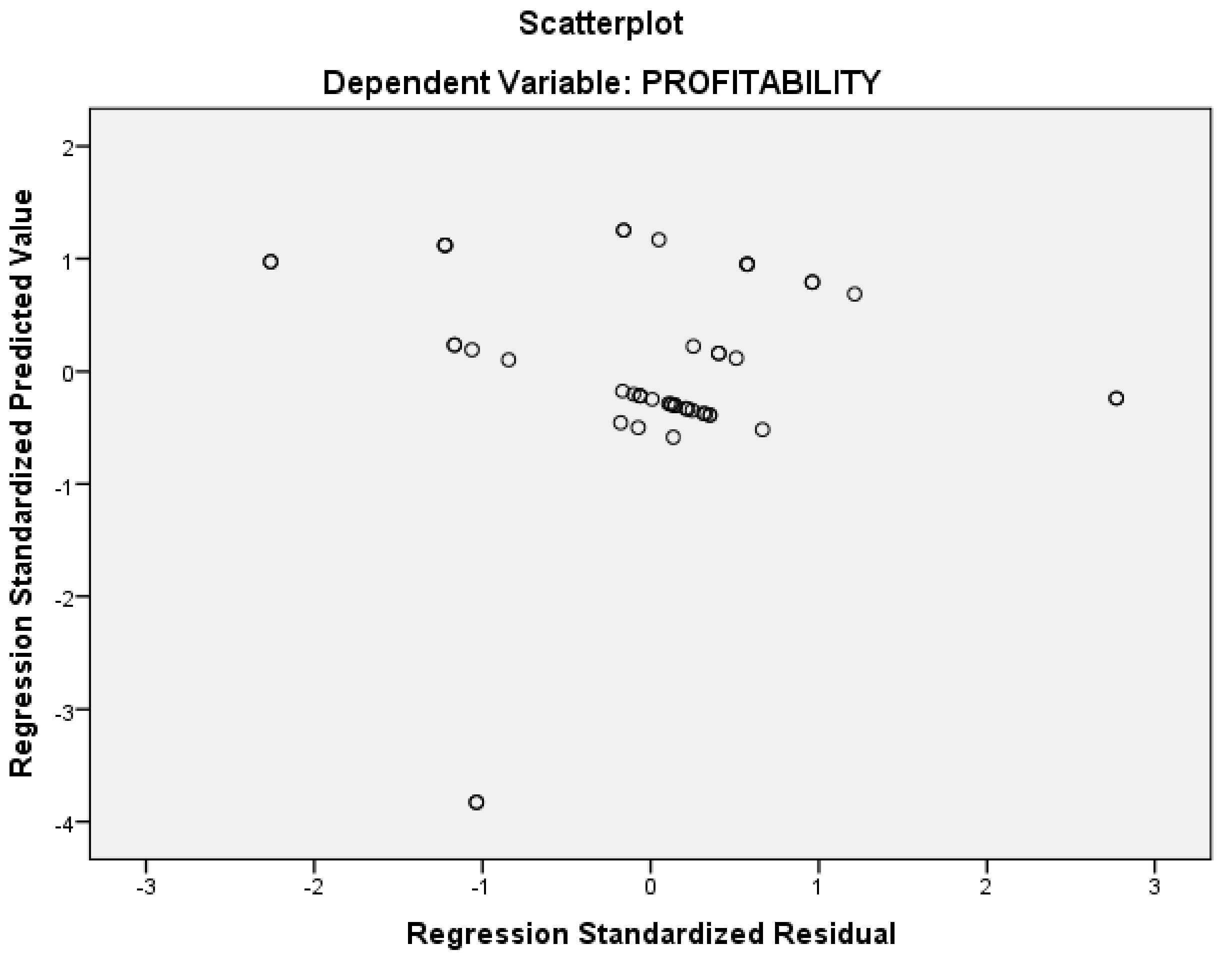
Part 3 Relationship between marketing mix strategy to company profitability performance

S/N	**ITEMS**	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
1	Your organization achieved maximum profitability as a result of the application of product strategy					
2	Your organization achieved maximum profitability as a result of the application of Pricing strategy.					
3	Your organization achieved maximum profitability as a result of the application of promotional strategy					
4	Your organization achieved maximum profitability as a result of the application of distribution strategy					
5	Generally Your organization achieved Maximum profitability as a result of theapplication of strategies to the marketing mix.					

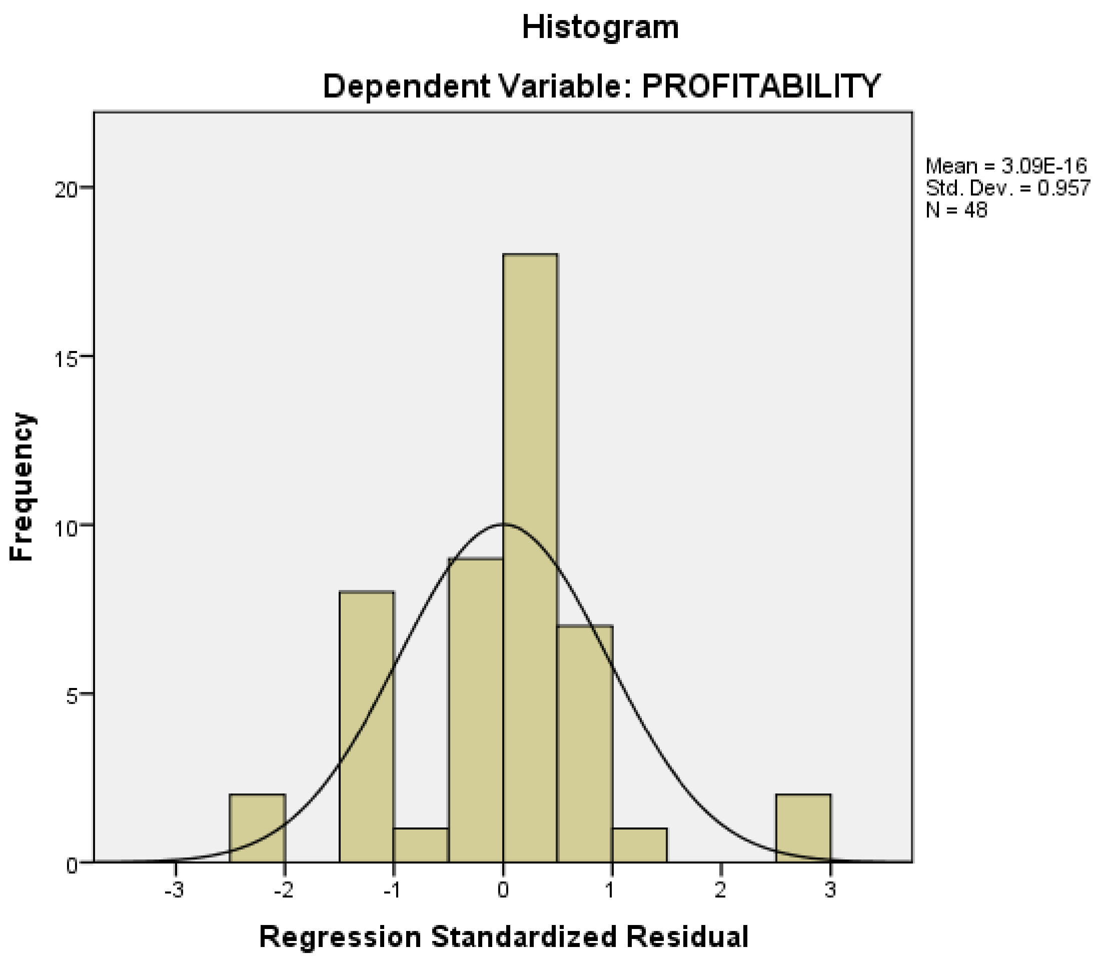
Thank you for your cooperation!!!

Appendix B: SPSS output

A. Homoscedacity assumptions



B. Normal distribution of error term



C. linearity assumptions