



**ADDIS ABABA UNIVERSITY
SCHOOL OF COMMERCE
DEPARTMENT OF MARKETING MANAGEMENT
GRADUATE PROGRAM UNIT**

**THE EFFECT OF MARKETING STRATEGY ON SMALL AND MEDIUM
ENTERPRISES PERFORMANCE IN ETHIOPIA: IN THE CASE OF
ADDIS ABABA CITY**

**THESIS SUBMITTED TO SCHOOL OF GRADUATE STUDIES OF ADDIS ABABA
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Statement of Certification

This is to certify that Fekadu Tufa Gemeda has carried out his research work on the topic entitled “The Effect of Marketing Strategy on Small and Medium Enterprises Performance: In the Case of Addis Ababa City” is his original work and is suitable for submission for the award of Masters Degree in Marketing Management.

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June, 2018

Declaration

I, Fekadu Tufa Gameda, hereby declare that the thesis work entitled “The Effect of Marketing Strategy on Small and Medium Enterprises Performance: In the Case of Addis Ababa City.” submitted in partial fulfillment of the requirements for Master of Arts 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: Fekadu Tufa Gameda

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Acronyms

AAMSEDB:	Addis Ababa Micro and Small Enterprise Development Bureau
ANOVA:	Analysis of Variance
CO:	Customer Orientation
GTP:	Growth and Transformation Plan
MSE:	Micro and Small Scale Enterprise
RBV:	Resource Based View
RM:	Relationship Marketing
ROA:	Return on Asset
ROE:	Return on Equity
ROI:	Return on Investment
SD:	Standard Deviation
SMEs:	Small and Medium Scale Enterprises
SPSS:	Statistical Package for Social Science
STP:	Segmentation, Targeting, and Positioning
SWOT:	Strength, Weakness, Opportunity, Threat
4Ps:	Product, Price, Promotion, and Place

Abstract

Marketing strategies constitute one of the key functional strategies that Small and Medium Enterprises (SMEs) adopt to enhance performance. This study is aimed to examine the effect of marketing strategy on SMEs performance in Addis Ababa City. By taking the research objectives and questions into considerations, only quantitative research approach and both descriptive and explanatory research design were used. The study was delimited to proportionate stratified and purposive sampling techniques. Quantitative data was collected using a structured questionnaire which has been developed and distributed to a sample of 365 owners and/or managers of SMEs in the three sub-cities (Lideta, Yeka, and Kirkos). With a response rate of 94%, 344 questionnaires have been returned and were valid for data analysis. The quantitative data were analyzed by using descriptive and inferential analysis. The findings of descriptive statistics have shown that the mean score of marketing strategy variables i.e. STP, product, price, promotion, place, customer orientation, and relationship marketing inclined to agreement level. All independent variables have the significant correlation with the dependent variable 'performance'. In this case, relatively relationship marketing had a higher strong relationship with performance. Likewise, the empirical findings of the multiple regression indicated that, only six of the predictor variables STP, Product, Promotion, Place, Customer Orientation, and Relationship Marketing have a positive and significant effect on the Performance of SMEs but, price is not. The results also revealed that these independent variables were significant joint predictors of performance. The independent variables jointly explained 61.5% of the variance in performance. Finally, recommendations were made for SMEs based on the findings of the study.

Key words: *Marketing Strategy, Product, Price, Promotion, Place, Customer Orientation, Relationship Marketing, Small and Medium Enterprises, Performance.*

CHAPTER ONE

INTRODUCTION

1.1. Background of the Study

Many organizations are attempting to use the marketing as their strategic approach in terms of the competition. From the plain explanation regarding the marketing principle, it has a purpose to influence the buying behavior of the consumers by persuasion, giving information, and many other techniques all for the very one reason; to establish its effectiveness in the market. Still, the organizational leaders believe that the marketing is one of their important aspects towards success. However, what would be the appropriate marketing strategy that they can apply in order to motivate or create an effect on the performance of the organization? (Aremu and Lawal, 2012)

Marketing strategy has become important tool for any organization to remain in the competitive market environment and be stronger. Aremu and Lawal (2012) see strategy as a pattern of resource allocation decisions made throughout an organization. This encapsulates both desired goals and beliefs about what is acceptable and most critically unacceptable means for achieving them. Strategy implies that the analysis of the market and its environment, customer buying behavior, competitive activities and the need and capabilities of marketing intermediaries.

Marketing strategy, therefore, can be defined as a method by which a firm attempts to reach its target markets. It starts with market research, developing the vision about the market(s), selecting market targets strategies, design positioning strategies, setting objectives and implementing the marketing programs to meet the value requirements of the target markets (Mustapha, 2013). It is a logic which customer needs, attitudes and competitors' products are assessed and continues through into advertising, promotion, distribution and where applicable, customer servicing, packaging, sales, and distribution. Marketing strategy must focus on delivering greater value to customers and the firm at a lower cost (Chiliya, Herbst, and Roberts-Combard, M., 2009). Owomoyela, Oyeniyi, and Ola (2013) also see marketing strategy as the way of providing a quality product that satisfies customer needs, offering affordable price and engaging in wider distribution and back it up with effective promotion strategy. Marketing strategy is a vital prerequisite of industry's ability to strengthen its market share and minimize the impact of the competition.

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, 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).

Small and medium enterprises are the vehicle of economic growth and development globally. By their very nature, SMEs constitute the most viable and veritable vehicle for self-sustaining industrial development (Oyebamiji, Kareem, and Ayeni, 2013). SMEs in developing countries, like Ethiopia are struggling to survive under intense competitive environments both domestic and international. They also haven't performed creditably well and hence have not played the expected vital and vibrant role in the economic growth and development of the country. These challenges could be as a result of perceived ineffective marketing strategy.

Though there is increasing empirical evidence on the effect of marketing strategies on performance in developed markets, much attention has not been given. 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). For that reason, it would be of both theoretical and managerial interest to study the effect of marketing strategy and see the relationship between marketing strategy and performance.

Hence, this study was attempted to examine the effect of marketing strategy on the performance of SMEs in Ethiopia in the case of Addis Ababa City selected sub-cities.

1.2. Statement of the Problem

Marketing is considered as a key element for any successful business, irrespective of its size, sector, the nature of its work and even its aims and objectives (Akroush, 2003). The ultimate goal of any business is to be successful and remain in business, profitably. And it's a no hidden fact that the success or failure of an organization depends on its marketing strategies. Marketing is also a dynamic lesson, and not just stuck at one point, it's 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 i.e. product, price, place, and promotion (Weldegebriel, 2011).

A study by Ebitu (2015) exposed that, in the southern part of Nigeria, marketing problems such as difficulty in managing firm's advertising, lack of adequate marketing research, unawareness of competition, poor branding and packaging, low level of knowledge on business market analysis, poor promotion, poor segmentation strategy, poor pricing technique and unplanned distribution contribute negatively in affecting SMEs' profit margin and their sales volume. The researcher further observed that most of these problems were as a result of the fact that most of the managers of the SMEs are not knowledgeable about the principles and practice of marketing.

In spite of the effect of marketing strategies on the performance of an organization is hardly studied especially in particular business context (Akwaya C. 2005). In most of the developing countries, the effect of marketing strategies on the performance of small and medium enterprises is one of the key issues since they are less productive and they face many constraints (Davies H., 2004). But in many cases, they face the constraints of technological backwardness, lack of human resource skills, weak management system, and entrepreneurial capabilities, unavailability of appropriate and timely information, insufficient use of information technology, poor product quality etc. As a result, there exists a low level of marketing strategies on the performance of small and medium enterprises.

Literature reveals that empirical support for the relationship between the marketing strategy and 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) and 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 the 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 relationships between the marketing mix and performance. Therefore, there is a need for studying the relationship between marketing strategies and performance.

The relationship between marketing strategies and organization's performance in Ethiopia is under-researched. The meager amount of empirical evidence that exists about the marketing strategy-performance relationship mostly focus on the marketing strategies of other business sectors/contexts. For instance, Lidia Samuel (2015) study has revealed that the marketing strategy variables have made the impact on the financial performance of the Bank. However, the impact that each of these variables has on financial performance varies. Variables such as price, place, people, and promotion are stronger predictors. However, the finding of the study is tested in the context of the banking industry; so it is difficult to generalize the finding of this study in the context of SMEs.

In Ethiopia, in the context of SMEs, Assegedech (2004) has studied "Marketing Strategies for Micro and Small Enterprises" and her work identified that the marketing problems such as lack of product diversity, pricing problems, lack of awareness how to compete in the market, limited business management and salesmanship ability, limited capacity to promotional activities, and lack of market-related knowledge are hindering the development of MSE. However, her study didn't reveal the relationship between marketing strategy and performance.

The rationale of the study is that the government of Ethiopia formulated some policies and established many institutions to promote the smooth functioning of SMEs. However, as observed from some empirical findings and the GTP II (2016) performance report, the sector is not performing up to the expectations of many stakeholders as it has been suffering from several problems especially regarding marketing their products and services. This situation has been of great concern to the government, citizenry, operators, and practitioners. These challenges could be as a result of perceived ineffective marketing strategy to address these issues which may have resulted negatively on the organization's performance, product quality, low customer satisfaction, inappropriate and affordable pricing, ineffective promotion and distribution strategies in order to survive the pressure from both local large enterprises and global market

competitive environment. Every enterprise's major reason for existence is to make a profit. Firms, therefore, face the challenge of knowing the appropriate type of strategy, which they could use for their product/service. Thus, conducting such a research seems essential in the light of the fact that different problems centered in this sector.

In general, even if in different parts of the world various research studies have been conducted on the subject matter (The effect of marketing strategies on performance, in SMEs context); it is difficult to generalize the finding of the study in the Ethiopia SMEs' context without empirical testing. Besides, in the knowledge of the researcher, virtually there is no research undertaken on the effect of marketing strategies on SMEs performance in the Ethiopian context.

Therefore, this study was aimed to examine the effect of marketing strategy on performance of Small and Medium Enterprises in Ethiopia.

1.3. Research Questions

1.3.1. Main Research Question

- ❖ To what extent do the marketing strategies affect the performance of Small and Medium Enterprises (SMEs) in Ethiopia?

1.3.2. Sub-Research Questions

The study was tried to answer the following specific research questions:

- ❖ To what extent do the segmentation, targeting, and positioning strategies affect the performance of SMEs?
- ❖ To what extent does the product strategy affect the performance of SMEs?
- ❖ To what extent does the price strategy affect the performance of SMEs?
- ❖ To what extent does the promotion strategy affect the performance of SMEs?
- ❖ To what extent does the place strategy affect the performance of SMEs?
- ❖ To what extent does the customer orientation strategy affect the performance of SMEs?
- ❖ To what extent does the relationship marketing strategy affect the performance of SMEs?

1.4. Objective of the Study

1.4.1. General Objective

The main objective of the research is to examine the effect of marketing strategies on the performances of Small and Medium Enterprises in Ethiopia.

1.4.2. Specific Objectives

The specific objectives of the study are:

- ❖ To examine the effect of STP strategies on the performance of the SMEs;
- ❖ To examine the effect of product strategy on the performance of the SMEs;
- ❖ To investigate the effect of price strategy on the performance of the SMEs;
- ❖ To examine the effect of promotion strategy on the performance of the SMEs;
- ❖ To examine the effect of place strategy on the performance of the SMEs;
- ❖ To examine the effect of customer orientation strategy on the performance of the SMEs;
- ❖ To examine the effect of relationship marketing strategy on the performance of the SMEs;

1.5. Research Hypothesis

The following hypotheses were formulated and tested to answers to the research questions mentioned above. Therefore, the following alternative hypotheses were formulated:

H₁: STP strategies have positive significant effect on the performance of SMEs;

H₂: Product strategy has positive significant effect on the performance of SMEs;

H₃: Price strategy has positive significant effect on the performance of SMEs;

H₄: Promotion strategy has positive significant effect on the performance of SMEs;

H₅: Place strategy has positive significant effect on the performance of SMEs;

H₆: Customer orientation strategy has positive significant effect on the performance of SMEs;

H₇: Relationship marketing strategy has positive significant effect on the performance of SMEs;

N.B: The details of the above-formulated hypotheses are presented on the conceptual framework.

1.6. Significance of the Study

The findings of the study might be useful for Small and Medium Enterprises, academicians, stakeholders, and researcher who are looking for the marketing strategies-performance relationships in SMEs context. Accordingly, the study might be served as an input for the managers and/or owners of SMEs in making decisions about identifying the key variables to develop marketing strategies and understanding the effect of marketing strategy on performance of the enterprise that can be used to achieve the organizational goals and objectives.

It also serves as an input for policy maker (organizations and individuals) concerned with formulating SMEs' marketing strategies. Likewise, the findings of the study may give the stakeholders in the area the opportunity to gain relevant information about the effect of marketing strategy on the performance of the small and medium enterprise.

Furthermore, the study serves as a stepping-stone for academicians and practitioner who may be focusing on similar topics and issues, particularly on the effect of marketing strategy on small and medium enterprises performance.

Finally, the findings of the study are to be expected to stimulate research interests among academics, and students to further investigate in the area of marketing strategies and performance in SMEs sector.

1.7. Delimitation/Scope of the Study

The study was delimited conceptually, geographically as well as methodologically. Thus, the study is tried to examine the effect of marketing strategies (STP, product, price, promotion, place, customer orientation, and relationship marketing) on Small and Medium Enterprises performance. The performance of SMEs was evaluated from the only perspectives of profitability, sales growth, brand awareness, and customer satisfaction. The study was focused on registered small and medium enterprises that engaged in the manufacturing, trade, services, construction, and urban agriculture sectors in Addis Ababa City that operating in only three sub-cities (Lideta, Yeka, and Kirkos). By taking the research objectives and questions into considerations, only quantitative research approach was used. The study was tried to employ both descriptive and explanatory research design. As the sampling technique, the study was delimited to proportionate stratified and purposive sampling techniques. To conduct the study,

primary data was used. In order to collect the data, self-administrated questionnaire was used. The sample population of the study was taken from SMEs' owners and/or managers which was limited to 365. At the end, both descriptive and inferential statistics were used to analyze the data.

1.8. Limitation of the Study

The first limitation of the study was that since it was conducted in SMEs context, it is difficult to generalize the findings of the study to large enterprise and other areas. The other limitations of the study were the existence of limited empirical evidence on the subject matter. There were also other limitations of this study that was the unwillingness of some respondents to fill the questionnaire and provided the researcher with the relevant information which limited the outcomes of the research. Since the study was made based on only the questionnaire, it was not certain to clearly reveal the real situations. The study was only limited to consider the views and opinions of the SMEs owners/or managers regarding the subject matters.

1.9. Definition of Terms

1.9.1. Conceptual Definition

- ❖ **Strategy:** is a plan that integrates an organization's major goals, policies, decisions and sequences of action into a cohesive whole (Proctor, 2000).
- ❖ **Marketing Strategy:** is the marketing logic by which the company hopes to create customer value and achieve profitable relationships (Kotler& Armstrong, 2011). In this context, it is one of the key functional strategies that SMEs adopt to enhance performance.
- ❖ **Marketing Mix:** is the set of controllable variables (Product, Price, Place, and Promotion) that the firm can use to influence the buyer's response (Kotler, 2000).
- ❖ **Customer Orientation:** A philosophy or strategy of an organization that emphasizes the long run customer focus and commitments to implement this ideology (Appian-Adu and Singh, 1998 and Narver and Slater, 1990).
- ❖ **Relationship Marketing:** refers to all the activities necessary to identify, establish, maintain and enhance profitable relationships with internal and external customers and other stakeholders, so that the objectives of all parties involved are met through mutual exchanges and the making, enabling and keeping of promises (Payne, 1995).

1.9.2. Operational Definition

- ❖ **SMEs Performance:** in this study, the performance of SMEs will be measured in terms of profitability, sales growth, and brand awareness.
- ❖ **Small Enterprise:** is the enterprise that operates with 6-30 persons and with a paid-up capital of not exceeding Birr 1.5 million.
- ❖ **Medium Enterprise:** is the enterprise that operates with 31-250 persons and with a paid-up capital up to Birr 10 million.

1.10. Organization of the Paper

The thesis was structured into five chapters as indicated below.

⇒ **Chapter One: Introduction**

The first chapter introduced the background of the study, statement of the problem, basic research questions, objectives of the study, research hypothesis, definition of terms, and the significance of the study. Further limitations and scope of the study were also presented.

⇒ **Chapter Two: Review of Related Literature**

This chapter dealt with the review of existing literature to throw more light on the concepts of the subject matter which includes the theoretical, empirical, and conceptual literatures with regards to the topic of the study.

⇒ **Chapter Three: Research Methodology**

This chapter provided the information about the methods used in the thesis to provide a solution for the research questions. The methodology illustrated research approach, research design, the source of data, data collection method, data collection instrument, data analysis method, validity & reliability, and research ethics.

⇒ **Chapter Four: Data Presentation, Analysis, and Interpretation**

This chapter provided the information on data presentation, analysis, Interpretation, and discussion of the findings of the study.

⇒ **Chapter Five: Summary, Conclusions, and Recommendations**

This chapter dealt with the summary, conclusions, and recommendations that were drawn from the findings of the study.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.1. Introduction

This chapter reviews the issues regarding marketing strategy which provides an insight into the area of the study. In this chapter, the theoretical, empirical and conceptual literature which focused on the research objectives is reviewed hereunder.

2.2. Theoretical Review

2.2.1. What is Strategy?

How strategy is defined has been the subject of extensive research since the 1960s. Chandler (1962) described strategy as the process of determining the organization's long-term goals and objectives, of adopting a course of action and allocating sufficient resources. This traditional and implicitly rational definition of strategy was later challenged by Mintzberg's (1978) and Mintzberg and Waters's (1985) contention that strategy was more a pattern of action resulting from whatever intended (deliberate) or unintended (emergent) strategies were realized. Mintzberg (1978) postulated that strategy could be something more than an explicit plan of action. His five strategy dimensions which recognized "strategy as plan", "strategy as pattern", "strategy as ploy", "strategy as perspective", and "strategy as position" has been the basis for opening up the definition of strategy to a wider context of use. Since Mintzberg's contribution, strategy has become much more than planning. Strategy is what the firm does much more than what a firm says it is going to do to compete in the marketplace. As Mintzberg (1978) concludes, "strategy is not just a notion of how to deal with an enemy or a set of competitors or a market, as it is treated in so much of the literature and in its popular usage. It also draws us into some of the most fundamental issues about organizations as instruments for collective perception and action".

Over a 40-year span, strategy has been extensively examined and re-defined and is today firmly situated as the pivotal construct of the business planning process. A more contemporary and comprehensive definition of strategy adopted herein is "a fundamental pattern of present and planned objectives, resource deployments, and interactions of an organization with markets, competitors, and other environmental forces" (Kerin et al., 1990). This definition is particularly

useful as it incorporates both the intended and apparent manifestations of strategy in a dynamic and responsive sense and embraces a broad range of participants.

According to Tony Proctor (2000), 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, if we look specifically at marketing then there may be pricing, product, promotion, distribution, marketing research, sales, advertising, merchandising, etc. strategies. A strategy is concerned with effectiveness rather than efficiency and is the process of analyzing the environment and designing the fit between the organization, its resources and objectives and the environment.

2.2.2. Definitions of Marketing Strategy

Marketing strategy is a broad concept, defined and conceptualized in different ways by different authors. The definitions of marketing strategy are shown in table 1.

Table 1: Definitions of Marketing Strategy

Authors	Definitions
Drucker (1973)	“Strategic marketing as seen as a process consisting of analyzing environmental, market competitive and business factors affecting the corporation and its business units, identifying market opportunities and threats and forecasting future trends in business areas of interest for the enterprise, and participating in setting objectives and formulating corporate and business unit strategies. Selecting market target strategies for the product markets in each business unit, establishing marketing objectives as well as developing, implementing and managing the marketing program positioning strategies in order to meet market target needs”
Kotler (1990)	“The broad principles by which the business unit expects to achieve its marketing objectives”
Bovee &Thil (1992)	“Marketing strategy is the overall plan for choosing a target and succeeding within it through product, pricing, distribution and promotional choices”
Slater and Olson (2001)	“Marketing strategy is concerned with decisions relating to market segmentation and targeting, and the development of a positioning strategy based on product, price, distribution, and promotion decisions.”
Varadarajan (2009)	“Marketing strategy refers to an organization's 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.”

Kotler & Armstrong (2011)	“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. It identifies the total market, divides it into smaller segments, selects the most promising segments and, then focuses on serving and satisfying customers in that segment. It designs a marketing mix using mechanisms under its control: product, price, place, and promotion. It also engages in marketing analysis, planning, implementation, and control in order to find the best marketing mix and to take action.”
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Marketing strategy is the means by which marketing goals are achieved. Marketing strategy implies integration of all functions in moving any type of goods or services from production to the final user. It makes full use of all relevant disciplines in an organization in an integrated pattern Bund H, Carroll JW (1957). The origins of research on marketing strategy formulation can be traced back to studies on strategy by the porter in 1980. Porter introduced the framework that could provide the managers with criteria to assess the environment before strategy formulation. Wind, Yoram & Thomas (1983) proposed a model for strategy formulation and evaluation and the model were believed to overcome most of the limitations of the marketing research till date. The model emphasized on a marketing-oriented approach to strategic planning.

A marketing strategy helps a company make crucial interactions with markets infrastructure that is among the company’s customers, competition, and channels (3Cs). A clear understanding of the internal and external factors of the business is necessary before formulating a strategy. Understanding the market environment help marketers devise appropriate marketing programs that bring value to the business particularly in the areas of cost control and revenue growth. Small business can engage in marketing research that is relatively simple, focused and inexpensive that helps them in gathering information for planning for future (Pynn GA, Noonan AC (1982).

2.2.3. Approaches to Marketing Strategy Analysis

2.2.3.1. The Rational Planning Approach

Rational planning approach to strategy development is the idea that a formal strategic planning process is the mechanism that is most likely to create a successful strategy. In the marketing field this will usually be known as strategic market planning, or simply marketing planning (McDonald, 1996). The aim of strategic market planning is to create a competitive advantage

over rival firms. Michael Porter (1985) provided a two-fold classification of the forms of competitive advantage that can be achieved (differentiation of the product/service along a dimension valued by customers, or cost leadership) and a four-fold classification of competitive strategies depending on whether these competitive advantages applied across a whole market or only to a single market segment. Porter's classification gives us four strategic alternatives – differentiation, cost leadership, differentiation focus and cost focus. Porter (1980) was also responsible for formalizing the competitive environment into his famous ‘five forces’ (competitive rivalry, power of buyers, power of suppliers, threat of new entrants and threat from substitutes). In conceptualizing strategic planning as the process of analyzing the competitive environment, identifying alternative strategic options open to the firm, and then choosing and implementing the option that best meets the firm's objectives, Porter was continuing an intellectual tradition associated particularly with Igor Ansoff (Ansoff, 1965). This is a prescriptive tradition (meaning that it provides guidance on what should be done), which advocates a series of logical, sequential steps through which organizations can arrive at their best strategy. The core components of these logical steps are:

- ❖ An ‘external audit’ examining both the competitive environment and the wider macro-environment to identify key opportunities and threats.
- ❖ An ‘internal audit’ examining the differential strengths and weaknesses of the organization compared to key competitors.
- ❖ A summary of the marketing audit in a SWOT (strengths, weaknesses, opportunities, threats) analysis
- ❖ Identification of strategic alternatives– different possible strategies.
- ❖ Evaluation of strategic alternatives– testing the different possible strategies for their efficacy in achieving the organization's goals (which may be as conceptually simple as maximizing long-term shareholder value (Doyle, 2000).
- ❖ Implementation of the strategy through the budgeting and operational planning systems, and control through a monitoring mechanism.

2.2.3.2. The Resource-Based View

The resource-based view of competitive advantage operates on the assumptions that firms are heterogeneous in terms of their control of important strategic resources and that resources are not perfectly mobile between firms. Firm resources are defined as ‘strengths that firms can use to

conceive of and implement their strategies' (Barney, 2001: 101). Resources can be classified as physical capital resources, human capital resources and organizational capital resources. Physical capital resources include physical technology, plant and equipment, geographic location and access to raw materials. Human capital resources include the training, experience, judgment, intelligence, relationships and insight of the individual managers and workers of the firm. Organizational capital resources include the formal reporting structure, the formal and informal planning, controlling and coordinating systems, the informal relations among groups within a firm, and those between a firm and other agents in the firm's environment. Jay Barney (2001) has defined a sustained competitive advantage in the following terms: a firm is said to have a competitive advantage when it is implementing a value creating strategy not simultaneously being implemented by any current or potential competitors. A firm is said to have a sustained competitive advantage when it is implementing a value creating strategy not simultaneously being implemented by any current or potential competitors and when these other firms are unable to duplicate the benefits of this strategy. Note that this definition includes potential competitors, not just current competitors – a sustained competitive advantage protects the firm against other firms considering a competitive market entry as well as providing an edge over firms already in the market. Barney makes it very clear that a sustained competitive advantage cannot be defined in terms of a specific period of calendar time; indeed, a sustained competitive advantage is one that cannot be nullified through the efforts of competing firms to duplicate it. A sustained competitive advantage will endure until some structural change takes place in the industry that renders it irrelevant.

In order for a resource to be a potential source of sustained competitive advantage it must be valuable, rare, inimitable and non-substitutable. These rather daunting-sounding characteristics are readily understood. Firms may have many unique attributes that do not assist them in exploiting opportunities or neutralizing threats. To be a resource an attribute must contribute to the firm's ability to deal effectively with the competitive environment – it must be valuable. An attribute that is found among most firms cannot be a source of sustained competitive advantage – to be a resource it must be rare. Even though an attribute may be both valuable and rare, if it is easily imitated by competitors then it will not provide a sustained competitive advantage, since current or potential competitors will duplicate it. To be a resource it must be inimitable, which may arise because of the unique historical circumstances under which it was created, because of

the causally ambiguous link from the resource to enhanced value creation, or because of the social complexity of the attribute. Unique historical circumstances simply mean that a firm was in the right place at the right time and was therefore endowed with a unique resource (often called path dependency in the academic literature on the subject). A causally ambiguous link from the resource to enhanced value creation means that it is not possible to define precisely which resources provide a competitive advantage or why. Every firm comprises a very complex bundle of attributes and it is often not a simple matter – or perhaps not even possible – to identify exactly which characteristics of the firm make it more or less successful. Socially complex attributes, meaning characteristics of the firm that are embedded in its internal and external relationships, are a particularly difficult resource to imitate. This insight is one of the reasons why, in business-to-business markets, so much effort has been devoted to understanding inter-organizational relationships and networks. In turn, this effort has created a related but distinct view of strategy as the management of relationships and networks, which we will discuss in a subsequent section. Finally, to be a resource an attribute of the firm must be non-substitutable. Even if a characteristic of a firm – for example, the charismatic leadership of its chief executive officer (CEO) – is inimitable, it may still be the case that other firms can match its performance by implementing strategies that deliver similar benefits (for example, by having an excellent formal planning system that creates a clear, agreed mission that is shared by all of the employees). The less substitutable a resource is, the more effective it will be in creating a sustained competitive advantage (Barney, 2001).

To summarize, the resource-based view of the firm concludes that a firm can only build a sustained competitive advantage if it controls physical, human or organizational assets that are valuable, rare, inimitable and non-substitutable. In contrast to the rational planning approach, which focuses primarily upon the external environment and assumes that resources can be acquired and deployed to respond to environmental imperatives, the resource-based view advises organizations to concentrate on their unique resources and seek business opportunities that enable them to exploit these.

2.2.3.3. Marketing Competencies

Marketing competence is determined as the assessment of how well or poorly firms perform specific marketing related activities when compared with their competitors. Davidson (1997) notices marketing competence as “a part of organizational capabilities that represent the consolidation of firm-wide technologies and skills into a coherent thrust that makes a business unique to the target market and also competitively superior. Distinctive marketing competencies become the thrust of an organization relative to both the target market and the competition.”

Recent studies show that organizations can increase their competitiveness in the market only by coordinating functional area competencies (Porter, 2004). Two main ideas characterize thinking about marketing in recent years. The first is market orientation and the second is the resource-based view of the firm. Market orientation is central to marketing. A firm characterized as market oriented might have:

- a. Developed an appreciation that understanding present and potential customer needs is fundamental to providing superior customer value;
- b. Encouraged the systematic gathering and sharing of information regarding present and potential customers and competitors as well as other related constituencies; and
- c. Instilled an integrated, organization-wide priority to respond to changing customer needs and competitor activities in order to exploit opportunities and circumvent threats (Hunt and Morgan, 1995; Kohli and Jaworski, 1990; Narver and Slater, 1990).

Market orientation places emphasis on the high performance of companies with high quality, organization-wide generation and sharing of market intelligence which produces responsiveness to market needs. The resource based view of the firm, on the other hand, suggests that superior performance reflects, in the main, historically developed resource endowments. Both these approaches are required to ensure strategic success. Strategy selection must reflect the demands of environmental changes, but at the same time, it should develop a company’s distinctive competencies. It is through competitive positioning that the benefits from both of these independent approaches are obtained. It enables firms to compete by identifying target markets and encapsulating the competitive advantage that will be sought in trying to reach these target markets. It recognizes that if the advantage is to be sustainable in the face of competition, it has to be based on the firm’s distinctive resources and capabilities (Proctor, 2000, pp. 43)

Whereas the pursuit of a market orientation may well be a worthwhile aim, firms appear to significantly differ in the extent to which they exhibit traits associated with such an orientation. There are several reasons for this. For instance, firms may experience inter-functional rivalry (Fisher et al., 1997) which can restrict market oriented activities and behaviours. They can also lack suitable processes, systems and procedures used to expedite strategic and tactical actions which can seriously limit the firm's responsiveness to necessary change (Jaworski and Kohli, 1993).

2.2.3.4. Marketing Resources

According to Daft (1983) Marketing resources include all assets, capabilities, organizational processes, firm attributes, information, knowledge, etc. controlled by a firm that enable the firm to lead, conceive of and implement strategies that improve and lead its efficiency and effectiveness. Amit and Schoemaker (1993) define resources as stocks of available factors i.e. know how that can be treated, financial or physical assets, and human capital, and capabilities as firm's capacity to deploy resources.

Barney (1997) classifies firm resources into four categories, viz: financial capital (all different money resources that a firm can use to conceive of and implement strategies); physical capital (physical technology used in a firm, plant, equipment, geographic location, access to raw materials, distribution network, and technology); human capital (training experience, intelligence, relationship and insight of individual managers and workers); and organizational resources (planning coordinating systems, culture and reputation). According to Barney (2000) firm resource include, Human, financial, physical, and knowledge factors that provide a firm the means to perform its business processes. The resource-based theory generally throws more light on how small and Medium Enterprises in the same industry perform better than the other. It lays emphasis on the internal resources of the Small and Medium Enterprises in developing its marketing strategies to achieve a sustainable competitive advantage in its markets and industry. The theory holds that all resources of the Small and Medium Enterprises are important to enable it generate a competitive advantage in order to have a sustainable competitive advantage by making above average profits, these resources must be valuable, inimitable and non-transferable. This means that differences in the performance of Small and Medium Enterprises are the result of their distinct resources and capabilities. Again reaping above normal profits or having a

competitive advantage in an industry or market can be said to be temporal (Barney, 1991 and Amit and Shoemaker, 1993).

Small and Medium Enterprises combines different sets of resources in order to achieve a competitive advantage. Barney (2009) contend that each Small and Medium Enterprises possesses differences and capabilities and the way the Small and Medium Enterprises acquires, develops, maintains, bundles and applies these resources leads to superior performance thereby having a competitive advantage over time. Thus, not only do Small and Medium Enterprises resources become strategic when they are valuables, difficult to be copied by competitors, non-transferable or have close substitutes. Hunt and Derozier (2004) have given a summary of the literature about what constitutes Small and Medium Enterprises resources. These are tangible assets and external assets. Tangible asset are physical resources which can be seen and evaluated. These include plant, equipment, land, stocks, financial (debtor, creditor, cash in hand and bank). External resources also include plant, equipment, land, stocks, financial (debtor, creditors, cash in hand and bank). External resources also include relationships with and knowledge acquired through suppliers and customers, competitors and institutions like universities.

a. Internal Resources

The resource-based theory is based on the premises that internal resources give them competitive advantage through superior performance. Thus, Small and Medium Enterprises tangible and intangible resources constitutes their strategic resources that proper them to outperform their competitors (Barney, 2001). According to Barney (1986), internal resources of Small and Medium Enterprises are more likely to be sources of economic rents than the resource required from external resource. Many empirical studies have explored the link between internal resource of Small and Medium Enterprises and their performance.

b. External Resources

The dynamic and complexity of the external environment are pushing Small and Medium Enterprises not to rely solely on their internal resources for competitive advantage. As noted by Alvarez and Barney (2007) and Dyer and Singh (1998), one of the key strategic challenges of Small and Medium Enterprises is that they hardly possess all the necessary resources to seize rapidly emerging market opportunities. Buttressing this point, Dyer and Singh (1998) opined that small and medium create value from the combination of both their internal and external

resources. Recent studies on the marketing strategies literature suggest that Small and Medium Enterprises performance are influenced by external resources acquired through competitors, suppliers, customers, consultants, research institutions, alliances and acquisition.

2.2.4. Marketing Strategy Models

Both the practitioners and theoreticians need evidence and frameworks for analysis of the current status of the firm in order to elucidate reasons for poor performance of the organization for devising a competitive marketing strategy (Hambrick & Schechter, 1983). It helps to analyze market information facilitating quicker adaptation to changes. Many authors have introduced various marketing strategy models that take an iterative cyclic path starting from the formulation of mission and objective, analysis of the internal and external environment of the business followed by strategy formulation and implementation. The strategy formulation process use models and frameworks such as Porter's five forces model, Boston Consultancy Group (BCG) matrix, General Electric (GE) /McKinsey matrix, Ansoff Matrix, Strength Weakness Opportunity Threat (SWOT) analysis and McCarthy's marketing mix model for initial analysis of the business. The literature on marketing strategy formulation is often complemented by strategic management in this area.

Throughout the major process of marketing strategy, the need for objectives and strategy to be realistic, obtainable, and based firmly on corporate capability must have got considerable emphasis. In practice, of course, this translates into an almost infinite number of strategies that are open to an organization. Porter (1980) has, however, pulled them together and identified three generic types of strategy – overall cost leadership, differentiation, and focus – that provide a meaningful basis for strategic thinking. In doing this, he gives emphasis to the need for the strategist to identify a clear and meaningful selling proposition for the organization – in other words, what is our competitive stance, and what do we stand for in the eyes of our customers? Any failure on the part of the strategist to identify and communicate the selling proposition and strategy is, he suggests, likely to lead to a dilution of the offer and to the company ending up as stuck in the middle or, as it appears, a middle-of-the road heading into the marketing wilderness.

Porter's thesis is therefore straightforward: to compete successfully the strategist needs to select a generic strategy and pursue it consistently. Obviously there is no single 'best' strategy even

within a given industry, and the task faced by the strategist involves selecting the strategic approach that will best allow it to maximize its strengths vis-à-vis its competitors.

Porter (1979, pp. 137–145) suggests, by taking into account a variety of factors, the five most significant of which are:

1. The bargaining power of suppliers
2. The bargaining power of customers
3. The threat of new entrants to the industry;
4. The threat of substitute products or services
5. The rivalry among current competitor

Taken together, these factors represent the forces governing the nature and intensity of competition within an industry, and they are the background against which the choice of a generic strategy should be made.

In identifying the three specified generic strategies, Porter suggests that the firms that pursue particular strategy aimed at the same market or market segment make up a strategic group. It is the firm that then manages to pursue the strategy most effectively that will generate the greatest profits. Thus in the case of firms pursuing a low-cost strategy, it is the firm that ultimately achieves the lowest cost that will do best.

2.2.4.1. Porter's Three Generic Competitive Strategies

2.2.4.1.1. Cost Leadership Strategy

A cost leadership strategy is one in which a firm strives to have the lowest costs in the industry and offer its products or services in a larger market at the lowest prices (David, 2011). Characteristics of cost leadership include, low level differentiation, aim for average customer, use of knowledge gained from past production to lower production costs, and the addition of new product features only after the market demands them (Grant, 2000). Cost leadership strategy is advantageous: it protects the organization from new entrants because a price reduction can be used to protect it from new entrants (Dess and Davis, 1984).

According to Porter (2008) a firm can set its prices above the industry average prices of its competitors so that it can be able to generate profits for itself or on it can set prices lower than the other players in that industry so that they can be able to maintain or increase their market

share. In case of a price war a firm can still be able to earn a margin while the rival firms continue to suffer losses but in the absence of a price war and the industry is at its maturity stage a firm can still maintain profitability for a longer period so long as its production is at a lower cost (Porter, 2008). McCracken (2012) identified ways through which firms can have cost advantages such as accessing a large source of cheap materials, making optimal outsourcing and vertical integration decisions, or avoiding some costs altogether (Reilly, 2012). However, competing firms can still sustain a competitive advantage through cost leadership if these firms fail to lower costs to the same level (Porter, 2004). According to Porter (2010), for a firm to be able to implement cost leadership strategy successfully need to have the following internal strengths: access to the capital required to make a significant investment in production assets; this investment presents a barrier to entry that many firms may not overcome, skill in designing products for efficient manufacturing, for example, having a small component count to shorten the assembly process, high level of expertise in manufacturing process engineering, and efficient distribution channels (McCracken, 2012).

However, the risk of cost leadership is that competitors may reap from the technology, nullifying the firms accumulated cost reductions (Porter, 2008). Provision of customer value should be a business's primary strategic goal and must be supported by the organization top management (Porter, 2008). The top management ought to build and maintain internal and external relationships with its customers (Amit and Schoemaker, 2008). By doing so, it enhances productivity and its image (Grant, 2013).

2.2.4.1.2. Differentiation Strategies

Differentiation is one of Porter's key business strategies (Reilly, 2012). When applying this strategy, a company focuses its efforts on offering a unique product or service. Since, the product or service is unique; this strategy provides high customer loyalty. By differentiating a product the customer expectations are achieved (Stone, 2005). To achieve successful differentiation strategy firms ensures that product quality, appearance or after sale service are able to meet the consumer requirements. A firm should also consider other methods such as superior service to its clients, its distribution capabilities or system of delivery (Porter, 2006).

The key step in devising a differentiation strategy is to determine what makes a company different from a competitor's (Reilly, 2012). Factors such as market sector quality of work, the

size of the firm, the image, graphical reach, involvement in client organizations, product, delivery system, and the marketing approach have been suggested to differentiate a firm (David, 2010). To be effective, firms ought to articulate the message of differentiation to reach the clients (McCracken, 2012), as the customer's perceptions of the company are important. When using differentiation, firms must be prepared to add a premium to the cost (Hyatt, 2011). This is not to suggest costs and prices are not considered; only it is not the main focus. However, since customers perceive a differentiated product or service as being unique, they are loyal to the company and willing to pay the higher price for its products (David, 2010).

Some key concepts for establishing differentiation include: speaking about the product to select panels (McCracken, 2012), writing on key topics affecting the company in the association's magazine or newsletter, becoming involved in the community, being creative when composing the company's portfolio, offering something the competitor does not or cannot offer, adding flair and drama to the store layout, providing e-commerce, making quick and easy access to company information and products, using company size as an advantage, training employees with in-depth product and service knowledge, offering improved or innovative products, emphasizing the company's state-of-the-art technology, quality service, and unique products/services, using photos and renderings in brochures (McCracken, 2012), and selecting products and services for which there is a strong local need (David, 2010).

Differentiation takes various forms such as using concentric diversification where the strategy requires similarity in technology between two firms but a change in the marketing plan between the two business entities (Ramirez, 2005). This means that a firm is able to take advantage of its technological know-how to remain competitive. From this synergy is achieved in the form of complementary marketing, financial, operating or management efforts (Thomson and Pedersen, 2010). Another form of differentiation is through horizontal diversification where a firm enters a new business (either related or unrelated) at the same stage of production as its current operations (Lins and Servaes, 2012). This type of strategy tends to be an advantage in a market that is highly competitive and a firm has significant loyal clients. The other form of differentiation is by using conglomerate diversification where a firm includes a range of products that have no technological or commercial synergy with the present products but which may attract new clients to the business (Fisman and Khanna, 2014).

2.2.4.1.3. Cost Focus Strategies

In the focus strategy, a firm targets a particular segment of the market (Bauer and Colgan, 2011; Hyatt, 2011). The firm can choose to focus on a selected customer group, product range, geographical area, or service line in order to increase its market share (Davidow and Uttal, 2009). A successful focus strategy (Porter, 2010) relies upon a market segment big enough with a growth potential but not of no importance to other rivals. Market penetration or market development can be an important focus strategy (Stock, 2009). Midsize and large firms use focus-based strategies but only in conjunction with differentiation or cost leadership generic strategies (Baum and Oliver, 2012). But, focus strategies work well when consumers have different preferences and when the rival firms have no interest in that particular market (Davidow and Uttal, 2009).

To implement a focus strategy effectively a firm needs ascertain the industry size, growth potential and its importance to other competitors in the same industry (Porter, 2010). Focus strategy work well in circumstances where the needs of a potential customers and market niche have not been explored by the competitors (Davidow and Uttal, 2009). When planning a firm must ensure that customer focus is incorporated as a key factor and it must also ensure that the different segments of the market are also included in the plan (Grant, 2000). Firms can build strong relationship with their clients by ensuring close attention is provided to its clients at all levels as this helps to eliminate the possibility of anxiety (Young, 2009). Some companies choose to focus on their capabilities which are unique from those of their rivals.

The focuser's basis for competitive advantage is either lower costs than competitors serving that market segment or an ability to offer niche members something different from competitors (Stock, 2009). Focusing is based on selecting a market niche where buyers have distinctive preferences (Porter, 2010). The niche is defined by geographical uniqueness, specialized requirements in using the product or by special attributes that appeal to members, (Stone, 2005).

2.2.4.2. Ansoff Product/Market Matrix

2.2.4.2.1. Market Penetration Strategy of Existing Markets

Here the strategy amounts to increasing sales of existing products while at the same time trying to maintain current margins of profitability on sales. When the market is expanding this may be

accomplished with nominal outlays of marketing expenditure by getting more first-time users to buy the product or to increase product usage of existing buyers or to increase the frequency of use. In a saturated market, extra sales may only be generated as a result of increased market share. Another possibility, however, is to promote new applications for existing product users. Such new uses can best be identified by market research aimed at determining exactly how customers use the brand (Proctor, 2000, pp. 239)

Increasing market share puts heavy pressure on marketing resources and can impact negatively on short-run profitability. However, if economies of scale or the impact of the 'experience curve' are felt as a result of increased supply to the market then this may more than offset the impact on profitability of any additional marketing expenditure. A share gain can be based on tactical actions such as advertising, trade allowances, promotions or price reductions. The problem is that such share gains can be difficult to sustain. A preferred option is to generate a more permanent share gain by winning a sustainable competitive advantage with enhanced customer value or by matching a competitor's sustainable competitive advantage. Attempts to increase market share will very likely affect competitors directly and therefore precipitate competitor responses. The alternative of attempting to increase usage among current customers is usually less threatening to competitors. Heavy users are usually the most fruitful target. Light users, however, should not be ignored because there may be a way to unlock their potential. Increased product usage can in fact be stimulated in three different ways. First, the frequency can be increased. Second, the quantity used in each application can be increased. And finally, new applications can be promoted (Proctor, 2000, pp. 240).

In order to increase the frequency of use, reminder communications are necessary. In the case of getting people to use more of the product, this may simply involve repositioning the product from one which is used occasionally, to one that is used regularly and this can be achieved through a repositioning promotional campaign. Other increases of frequency of purchase may be sought through providing incentives-competitions and sales promotions. Similar techniques can be used to increase the quantity used on each occasion, i.e. reminder communications and incentives (Proctor, 2000, pp. 240).

2.2.4.2.2. Market Development Strategy

Finding new markets does not guarantee long-term or short-term profitability but economies of scale in producing for the market or in supplying the market will contribute to profitability. However, there may well be barriers to entry to the market which means that neither short-run nor long-term contributions to overall profitability are attractive.

A logical avenue of growth is to develop new markets by duplicating the business operation, perhaps with minor adaptive changes. In the case of market expansion, the same expertise and technology and sometimes even the same plant and operations facility can be used. There is thus potential synergy and resulting reductions in investment and operating costs. Of course, market development is based upon the premise that the business is operating successfully (Proctor, 2000).

Geographic expansion may involve changing from a regional operation to a national operation, moving into another region, or expanding to another country. A firm can also grow by reaching into new market segments. There is, of course, a variety of ways to define target segments and hence growth directions. A key to detecting new markets is to consider a wide variety of segmentation variables. Sometimes looking at a market from different perspectives will uncover useful segments:

- Usage: the non-user can be an attractive target
- Distribution system: new markets can be reached by opening up additional distribution channels
- Age: pulling in additional age categories in the population (consumer goods).

A key to detecting new markets is to consider a wide variety of segmentation variables. It is especially useful to identify segments that are not being well served. In general, segments should be sought for which the brand can produce value (Proctor, 2000, pp. 240-241)

2.2.4.2.3. Product Development Strategy

The introduction of new products can have a positive impact on sales growth. Initially, profitability may not increase since there may be substantial research, development and launching costs associated with the venture which have to be recouped. Longer-term rates of return on investment which are at least equal to the current rate of return on capital employed are required from new products. This may not be possible and firms may have to accept the

possibility or even certainty of lower profitability, just to stay in business. Predicting demand for new products can be difficult and hence so is the estimation of profit potential (Proctor, 2000).

A 'new product' can be defined in several different ways. A product can refer to a physical entity or a cluster of expected customer benefits, depending on whether the perspective adopted is that of the business or that of the market. From the point of view of a business, a product innovation may represent a change in, or addition to, the physical entities that make up its product line. From a market perspective, the term refers to a new or revised set of customer perceptions about a particular cluster of benefits. Thus, that which is considered a product innovation by a business enterprise may not be recognized as such by its customers. Here we will adopt a business perspective. A new product is one that is new in any way for the company concerned (McCarthy and Perreault, 1993). Additions to existing product lines and improvements of an existing product may also be thought of as 'new products'. In practice only a few new products are actually new to the firm and new to the market.

2.2.4.2.4. Diversification Strategy

Diversification involves moving simultaneously into new products and new markets. It is a risky strategy but with careful selection of the right kind of businesses, considerable improvements in profitability can be experienced. It can take place into related or unrelated products. A firm in microcomputer production might move into making personal telecommunications equipment. This might be seen as diversifying into related products since both products make use of microelectronic technology and the experience gained in one field might be usefully employed in the other. The same firm diversifying into shoe manufacturing would be moving into unrelated products. Moving into areas where a firm does not have any prior experience is highly risky and firms may prefer to move into related markets. Moreover, there may be some synergy to be gained from moving into related markets (Proctor, 2000, pp. 253).

The synergy may be in marketing or even in production. Diversification represents an opportunity for growth and revitalization. It is the strategy of entering markets different to those in which the firm currently operates. A diversification strategy can be implemented by an acquisition (or merger), new business venture or strategic alliance.

It is usual to differentiate between diversification that is 'related' from that which is 'unrelated'. A related diversification is one in which the new business has meaningful commonalities with

the core business. These provide the potential to generate economies of scale or synergies based on exchange of skills and resources. In theory, as a result of diversification, the business should be able to improve its return on investment (ROI) because of increased revenues, decreased costs or reduced investment. Meaningful commonalties can involve similar: distribution channels, images and their impact on the market, sales and advertising efforts, facilities, production processes, R&D efforts, operating systems, and Staff needs (Proctor, 2000).

2.2.5. Dimensions of Marketing Strategy

A successful marketing strategy depends upon addressing a number of questions; whom the company is going to target, what the company is going to produce, how much is the price to be charged, how the product is delivered, how the company is going to promote their product, how they create long term relationship with customers, etc.

Therefore, in order to achieve the marketing objectives, we need to have a strategy that includes different elements. Here there are four major elements that are used in the literature to explain the details of marketing strategy. These are STP (Segmentation, Target market, and Positioning), marketing mixes, customer orientations, and relationship marketing (Roger Brooks bank, 1994).

2.2.5.1. Market Segmentation, Targeting, and Positioning

a. Market Segmentation

Market segmentation and the identification of target markets, however, are an important element of each marketing strategy. The term “market segmentation” refers to subdividing a market along with some commonality, similarity, or kinship. The buyers’ wants, needs, resources, locations, buying attitudes and buying practices may vary within a market. The company must consider these differences among the customers if it wants to efficiently match a product or service to their unique needs. In the consumer markets as well as in the business markets, the buyers can be segmented for example by geographic location, benefits sought, user and loyalty status and attitude. Additional variables to segment a business market include for example demographics (industry, company size), operating characteristics, buying approaches, situational factors and personal characteristics. By choosing certain market segments the company is more able to deliver value and be rewarded for considering the customers' needs (Kotler et al., 2005; Kotler and Keller, 2009).

b. Market Targeting

After dividing the market into segments, the company must choose the specific segments by evaluating the attractiveness of them and determining which ones it wants to target the product or service to. To ease the selection process, there are two different ways to evaluate the segments: segment attractiveness and company fit. The evaluation of segment attractiveness includes the observation of right size and growth characteristics. For example, a segment that has a high growth rate and a high-profit margin, or a smaller and less attractive segment that may be potentially more profitable (Kotler et al, 2005).

The attractiveness of a particular market segment is related to the company's objectives and resources. Analyzing the company's current position in the market and its competencies define whether the company has a possibility to succeed in the segment. Reflecting attractive segments' characteristics to the company's long-term objectives can help decide which segments to choose. In this part of the process, the company may also realize that it lacks some necessary competencies. For example, skills needed to be able to compete in the segment.

After the company has evaluated the market segments it will decide how many and which segments it chooses to go for (Kotler et al, 2005, pp. 415-418; Kotler and Keller, 2009, pp. 268).

c. Positioning

Positioning is the use of marketing to enable people to form a mental image of your product in their minds (relative to other products). Positioning is how the product or service is to be perceived by a target market compared to the competition. It answers the question: "Why will someone in the target market(s) buy my product or service instead of the competitions?" An equivalent question is: "What should be the perceived value of my offering compared to the competitions?" (Kotler, 2007)

A company should stand out from its competitors to succeed in the chosen market segments. In the customer's mind, the company or its product and services is associated with tangible or intangible assets. Through these assets, the company positions its offerings in the target market's minds. The customers tend to buy the products which give them the greatest value thus the company should try to satisfy the target market in a superior way.

To determine the company's image and brand personality, it is wise to analyze the major competitors and how they position in the market. For a successful differentiation strategy, the

company should gain the competitive advantage by offering more than its competitors. To build competitive advantage there are two important strategic thrusts to look at differentiation and low cost. The company that focuses on differentiation can enhance its products or services to explain the higher price for example by performance, quality, reliability, convenience, distribution and/or service.

A low-cost strategy means that a product or service has sustainable cost-advantage. For example, the more is produced the fewer costs or through high market share (Aaker, 1995).

2.2.5.2. Marketing Mix Strategy

“Winning companies satisfy customer needs and surpass their expectations economically, conveniently and with effective communication” (Kotler and Keller, 2009, pp. 63)

Planning a detailed marketing mix is the next step after choosing an overall competitive marketing strategy. With the marketing mix, the company controls tactical marketing tools and most of all influences the demand for its product (Kotler et al., 2005, pp. 33-34).

The marketing mix tools are categorized under four broad concepts called the 4P’s of marketing: product, price, promotion, and place. With these concepts, the company is able to plan and guide its marketing activities and most importantly to “create, communicate and deliver value for consumers” (Kotler and Keller, 2009, pp. 62).



Figure 1: The 4P Components of Marketing Mix

Each of the 4P's includes several marketing variables, which can be seen in Figure 1. The marketing mix decisions are made by carefully considering each of the variables and reflecting the product or service on them. The variables are closely connected and marketer must understand how they effect on each other. The price and promotion are easy to change according to short-term plans, unlike product or place only on the long-term (Kotler and Keller, 2009, pp. 63).

The marketer's and buyers' views of 4P's differ from each other. With 4P's the marketer tries to influence the buyers and attract them to choose the product or service when in the meantime the buyer evaluates how the 4P's deliver the customer benefit (Kotler and Keller, 2009, pp. 63).

2.2.5.2.1. Elements of Marketing Mix Strategies

i. Product Strategy

The classification of a product is very broad, but simply put it is “anything that can be offered to a market to satisfy a want or a need”. The product can be tangible; for example, physical goods, or intangible, such as services, experiences, persons, properties or organizations. The marketing mix starts with the product as it is the most important part and other elements are tied around it (Kotler and Keller, 2009, pp. 358, 382).

The product can be thought to have several layers each of them adding more customer value to the product. The customers buy the product to benefit from it i.e. to satisfy a need hence creating the core of the product. On top of the core, there is the actual product featuring characteristics, such as quality level, product and service features, styling, a brand name, and packaging. The company builds around the core and actual product, an augmented product to create benefits that best satisfy the customer. A product differentiation and competition starts to take place at the product augmentation level resulting in competitive advantage (Kotler and Keller, 2009, pp. 358; Kotler et al., 2005, pp. 539-540).

The product attributes listed above define greatly how the customers react to the product. In production, the quality level positions the product in the target market; but in marketing, the product quality describes how a product performs its functions. Kotler et al. (2005) list product's overall durability, reliability, precision, ease of operation and repair among other valued attributes which measure quality hence reflecting the customer value and satisfaction.

There are two directions for planning a product strategy:

A. Develop Adequate Core benefit

Product is the aggregate of providing satisfaction and benefits in all of or some combination of physical performance, psychological factors, service impression and symbolic meanings. The key benefit or purpose for which a consumer buys a product varies from consumer to consumer. Harrel and Fazier (1999) provide an easy categorization; they divide a product into three dimensions: core product, which indicates a product's basic function and benefits; branded product, which means the vies of product's packaging, characteristics, quality, style, and brand image; third augmented product, including not only its core benefits and physical being, but also adding other sources of benefits such as shipping service, warranty, returns, product liability, product recall, and etc.

Therefore, designing a product strategy should depend on whether the core benefit comes either from the physical goods and service performance or from the augmented dimensions of the product.

B. Utilize the Relation between the Product classification and Implicit Exchange Cost

According to Commodity School, the consumer products are categorized into convenience, shopping, and specialty goods (Copeland, M.T., 1923). "Level of involvement" is the key to understanding the high or low of Implicit Exchange Cost for the above classification. For examples, first convenience goods buyer is facing with a choice between, this buyer would choose a brand which has a long-term identical positioning. Because such brand product reduces Information Search Cost that is a convenience for this buyer who is with low involvement. On the other hand, the reverse is true for the rest.

In general, product strategy specifies market needs that may be served by different product offerings. It is a company's product strategies, duly related to market strategies, which eventually came to dominate overall strategy and the spirit of the company. Product strategies deal with such matters as number and diversity of products, product innovations, product scope, and product design

Product Positioning Strategy

The term positioning refers to placing a brand in that part of the market where it will receive a favorable reception compared to competing products. Because the market is heterogeneous, one brand cannot make an impact on the entire market. As a matter of strategy, therefore, a product

should be matched with that segment of the market in which it is most likely to succeed. The product should be positioned so that it stands apart from competition brands. Positioning tells what the product stands for, what it is, and how customers should evaluate it. Positioning is achieved by using marketing mix variables, especially design and communication. Although differentiation through positioning is more visible in consumer goods, it is equally true of industrial goods. With some products, positioning can be achieved on the basis of tangible differences (e.g. Product feature), with many others, intangibles are used to differentiate and position products (Andrew E., 2001).

Product Elimination Strategy

Marketers have believed for a long time that sick products should be eliminated. It is only in recent years that this belief has become a matter of strategy. If a product's role diminishes or if it does not fit into the portfolio, it ceases to be important. When a product reaches the stage where continued support is no longer justified because performance is falling short of expectations, it is desirable to pull the product out of the market place. Poor performance is easy to spot (Walker, Boyd and Larreche, (1992).

New Product Development Strategy

New product development is an essential activity for companies seeking growth. By adopting a new product strategy as their posture, companies are better able to sustain competitive producers on their existing products and make headway. The implementation of this strategy has become easier because of technological innovations and the willingness of customers to accept new ways of doing things. The term new product is used in different senses. For our purpose, the new product strategy will be split into three alternatives; product improvement/modification, product imitation and innovation (Andrew E., 2001).

Product Mix Strategy

A product mix (also called product assortment) is the set of all products and items that a particular marketer offers for sale. The product mix of an individual company can be described in terms of width, length, depth, and consistency. The width refers to how many different product lines the company carries. The length refers to the total number of items in the mix. The depth of a product mix refers to how many variants of each product are offered. The *consistency* of the product mix refers to how closely relate the various product lines are in end use,

production requirements, distribution channels, or some other way. These four product mix dimensions permit the company to expand its business by (1) adding new product lines, thus widening its product mix; (2) lengthening each product line; (3) deepening the product mix by adding more variants; and (4) pursuing more product line consistency (Aaker, D.A. and Keller, K.L.1990).

ii. Price Strategy

According to (Kotler, 2005), price is the amount of money charged for a product/service or the total values that consumers exchange for the benefits of having or using the product or service. Each product or service must have a price it is sold to a user, customer or end-consumer. Essentially price, after discounts and payment time, is what brings the revenues to the company and enables the company's various functions to go on. Apart from price, other marketing mix elements represent cost.

Price plays a major role in the buyer's mind. Depending on the product or service offered, the price can be set for one price to all, or modified according to the company's decisions and pricing strategy. Depending on the size of the company, the decision maker for the price varies. In small companies, it's often the boss who sets the prices; in larger companies, it can be done by product-line managers, with top management setting price objectives and policies and then making the final call (Kotler and Keller, 2009, pp. 416-417).

The pricing environment nowadays is fast changing and price wars occur. The companies that only sell with price may face major difficulties with lost profits. Instead of selling based on price, companies should sell based on value by justifying the price to the consumer with greater benefits received. The company should look at the total marketing mix when deciding on prices. If the product positioning is based on non-price factors then quality, promotion, and distribution affect the price. If the positioning is based on price, decisions on other marketing mix elements are strongly affected (Kotler et al., 2005, pp. 664-665).

Among the actual and potential customers, the price of the product should be agreed. Too high or low the price affects the quantity sold, however on different target segments the pricing may vary and still be accepted within the segments. Both production and marketing costs affect the final price of a product. The price in the eyes of the customer is also built on the image that marketing has created (Rope, 2005, pp. 223-225).

iii. Promotion Strategy

Marketing communications also called promotion mix, which includes the various communication techniques such as advertising, personal selling, sales promotion, and public relations/product publicity available to marketer is combined to achieve targeting audiences in an attempt to influence attitudes and behaviors. The ultimate response, of course, is purchase and satisfaction. Therefore, with a promotion mix, the company communicates with its customers, intermediaries and the public (Kotler et al., 2005, pp. 719).

There can be seen a shift in the current marketing communication trends compared to the past-marketers are moving from mass marketing to building closer relationships with customers because of more fragmented markets and vast improvements in information technologies. With new technologies and more information, available marketers are able to thoroughly track customer needs and develop well-focused marketing programs (Kotler et al., 2005, pp.720).

The customer's mind may easily get lost in a jungle of advertising messages, thus creating a confused company image and brand position. Identifying the most efficient channels in the communication process with available resources, the company is able to control its image, position itself better and manage the customer relationship in the long-term (Kotler et al., 2005, 725-727; Rope 2005, pp. 279).

The marketing communication tools stated earlier (advertising, sales promotion, public relations, personal selling and direct marketing) can be classified into two parts, non-personal and personal communication channels. The non-personal communication channels include advertising, sales promotion and public relations as in the personal communication channels the selling is personal with people communicating directly with each other. The personal communication channels are personal selling and direct marketing (Kotler et al., 2005, pp. 737).

According to Kotler (2006), the AIETA model shows the buyer as passing through the stages of awareness, interest, trial, and adoption. Either high or low involvement buyers will experience this process. This model simplify explains a buyer's behavior from becoming aware of the product, having the interest, evaluating the product, giving a try, and then if satisfied, adopting the product.

iv. Place Strategy

Producing, pricing and promoting the product may not count for much unless the company is able to deliver superior value to the customer, and thus actually reaching its market. To guarantee availability the product must be delivered at the right time, at appropriate quantity and at the right place for the customer (Kotler et al., 2005, pp. 897; Rope 2005, pp. 248).

A supply chain is formed of key supplier and resellers. Upstream from the product or service provider exist a set of firms that supply the material sold, whether it's the raw material, parts, information or expertise. Downstream towards the customer exist marketing channels or distribution channels. Partners in the downstream between the provider and customer can heavily influence the customer satisfaction and create product value (Kotler et al 2005; pp. 857, 897).

The company must remember to adjust its entire supply chain and marketing channels based on its competitors' channels in order to find out industry standards and gain competitive advantage via best practices (Kotler et al., 2005, pp. 857). Distribution channels where product or service is provided to the customer include distributors, wholesalers, retailers, sales reps or direct selling (Rope 2005, pp. 253).

In general, there are two main kinds of place strategy. "Push" and "pull strategy". A push strategy uses a company's sales force and trade promotion activities to create consumer demand for a product. The promotion process is the product producer promoting the product to wholesalers, the wholesalers promoting it to retailers, and finally, the retailers promoting it to consumers. On the other hand, a pull strategy requires high spending on advertising and consumer promotion to build up consumer demand for a product. If the strategy is successful, consumer will ask their retailers to order the product, the retailers will order the product from the wholesalers, and finally the wholesalers will order it from the product producer (Harrel, G. D. and Frazier G.L., 1999).

2.2.5.3. Customer Orientation Strategy

Day (1994) defines customer orientation as "Superior skills of understanding and satisfying customers. Transforms marketing into a potent competitive weapon, shifting organizational values, beliefs, assumptions, and premises towards a two-way relationship between customer and the firm." Narver and Slate (1990) explain customer orientation as "Sufficient understanding of one's target buyers to be able to create superior value for them continuously. Moreover, it also

requires that a seller understands a buyer's entire value chain, not only as it is today, but also as it will evolve over time subject to internal and market dynamics."

Schneider et al., (2006) suggest that "Customer orientation requires a continuous positive disposition towards meeting customer's exigencies and therefore a high degree of concern for this customer." While Schneider and Bowen (1993) define that customer-oriented culture is "nurtured through regular supply of customer information about their needs so as to be able to design and deliver good products."

McEachem and Warnaby (2005) define customer orientation as "a component of market orientation has its fundamental thrust in pursuit of putting customers at the center of strategic focus." While Deshpande et al., (1993) explain that "a customer-oriented culture involves excellence in customer interaction, market and customer familiarity and emphasis on cooperation." Nwankwo (1995), and Ang and Buttle (2006) present a framework for auditing of customer orientation profile, which acquires definition, sensibility, measurement and practice. Then, their definition is as "a process of putting customers at the heart of an organization that is, having the appropriate vision of customers and their needs; a phenomenon that makes the organization to see itself through the eyes of the customers. A customer-specific definition requires that the firm has:

- ❖ Clear concepts on customers and their needs.
- ❖ Characteristics information of customers to design product market portfolio.
- ❖ Definitive objectives of customer care which may alter and communicate both customer and management endeavor (Plakoyianniaki, 2005).
- ❖ Feedback systems that allow organizations to reach their customers and in reverse.
- ❖ Effective customer education/information system.
- ❖ Literal concern for market tourism such as customers should not be recognized as a monolithic group. There is a difference in perception of marketplace at a variety of customer segment and their need (Salavou, 2005).
- ❖ Good understanding of behavioral nature and consumption impact.
- ❖ Entire of organizational reserved definition of customers need by a "know-it-all stance." about their customers' need, the assumption is that the organization knows what customer knows, what customer wants and try to satisfy them (Chimhanzi, 2004).

Nwankwo (1995), propose a two state scheme to categorize sensitivity levels such as pro-active and reactive sensitivity. Proactive sensitivity caused by genuine desire to integrate the interests of customer into the organization' decision mechanisms. The ways organization can demonstrate the level of customer concerns include:

- ❖ Focusing on customer expectations and arranging interaction program for meeting the expectations of each stakeholder's category. Lewis (1994) notes that "employee welfares may also be important in this light since an employee dissatisfied is unlikely to deliver a good customer program."
- ❖ Adaptive expectant and deterrent approach in formulating customer program (Salavou, 2005).
- ❖ Viewing all customers as marketing opportunity, not market opportunities.
- ❖ Developing customer strategy based on perceptive marketing research.
- ❖ Developing power descending, particularly to front-line staff who involved with customer at critical stage (Chimhanzi, 2004).
- ❖ Integrating members of the organization with energy, enthusiasm and attitude to deliver true excellent in customer care.

Reactive sensitivity associates with more mechanical approach to customer-orientation management and addresses the symptomatic factors rather than the fundamental problems.

Reactive sensitivity is characterized by:

- ❖ Inactive, often confused or misled attention to customer orientation.
- ❖ Defensive attitudes to customer complaints responding.
- ❖ Coerced management attention: which is management usually only acts for the customer when forced to act under pressure.
- ❖ Management being guided by a "bandwagon effect" which is satisfactory to imitate what other organization are doing.

Payne (1988) and Nakata and Zhu (2006) comment that many organizations have well-developed planning process, anyway, the extent to which customer targets are included, implemented and monitored is incompetent. The duty of the organization as far as the customers are concerned must be well coherently; current performance level in the regard must be double-checked.

2.2.5.4. Relationship Marketing Strategies

Relationship marketing brings long-term financial benefits to an organization. It is a means to an end and is based upon two economic arguments. First, it is more expensive to win a new customer than it is to keep an existing customer. Second: the longer the association between the company and the customer, the more profitable the relationship for the firm. Relationship marketing evolves ties between the organization and its customers to improve feedback and develop customer loyalty. Customers are open to the pressures of competitive promotions and may readily switch brands or store. A firm needs to establish a much stronger relationship with customers. Relationship marketing tries to get customers to actively support the firm and its products and to encourage others to do the same. The aim of relationship marketing is to find ways of enhancing the mutual benefits derived from the relationship. Successful relationship marketing involves the targeting of customers of sufficient value to justify the investment in creating a relationship with them. Relationship-building resources can be directed to those customer groups where this is mutually advantageous. The strongest relationships are based on the establishment of mutual trust and respect between organizations concerned (Proctor, 2000, pp. 272).

The goal of relationship marketing (or customer relationship marketing) is to create strong, even emotional, customer connections to a brand that can lead to ongoing business, free word-of-mouth promotion and information from customers that can generate leads (Rouse, 2015). Customers remain loyal to firms that provide them greater value and satisfaction than those they expect from competing firms. Also improved market share, sales and profitability will accrue to the firm. Simply put, relationship marketing is the art of developing a close and personal relationship with your customers. This is because anybody can start a business but not everybody can build a strong customer relationship. Some relationship marketing strategies as suggested by Martins (2015) are:

- ❖ Make every customer interaction count.
- ❖ Follow-through on commitments and claims about products or services.
- ❖ Offer benefits and product value that responds to the customer's desires.
- ❖ Treat customers as individuals who are respected and valued.
- ❖ Listen to customers.
- ❖ Build a strong brand identity.

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- ❖ Surround your customers with valuable information
 - ❖ Create a user-friendly website.
 - ❖ Reward loyal customers.

Creating long lasting relationships helps to ensure long-lasting customers and repeat sales. Customers want to know and feel that they are valued and appreciated as an individual. Showing existing customers that you value and appreciate them encourage them to refer other potential customers which may be their colleagues, friends, relatives, and others to your business (Martins, 2015).

2.2.6. Performance

Performance, as a concept, is a subject open to wide variability as it is a somewhat imprecise word when it functions as a placeholder in research (Folan, et.al, 2007). The lack of agreement on a definition creates confusion and clearly limits the potential for generalisability and comparability of research in this area (Franco-Santos, et.al, 2007). The business dictionary however defines performance as the accomplishment of a given task measured against preset known standards of accuracy, completeness, cost, and speed.

According Molly (2013) to accurately assess how well a business is performing; one needs to develop some quantifiable measures by identifying those aspects of the business processes that need improvement and those that are working well. This can then be used to evaluate the company's productivity over a set period of time. The U.K based firm, Kellerton Consulting (2013) has observed that performance management should be at ensuring that as much information and decision making as possible is geared towards improving performance in line with the organization's goals and strategy.

In general, the literature on performance revealed that there is neither one single criterion nor a set of criteria approved between marketing strategy scholars for performance assessment (Venkatraman and Ramanujam, 1986). Performance can be determined in various ways such as financial performance, market performance, customer performance or overall performance.

Therefore, in this study, the performance of Small and Medium Enterprises was measured in terms of profitability, sales, customer satisfaction, and brand awareness.

2.3. Empirical Review

2.3.1. Empirical Literature Review-General

The empirical evidence of the effect of marketing strategy on the performance of the business 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).

Akroush (2012) on his study targeting Jordanian organization's marketing managers and their customers, found that external and internal marketing orientations 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 findings also indicate that product and price strategies are the strongest drivers of customer satisfaction. Customer satisfaction has a positive and significant effect on business performance. More importantly, business performance has a strong positive contribution to shareholder value measured by market value added and earnings per share.

Empirical evidence on export marketing strategy and firm export performance reveals that Marketing strategy is one of the major elements of export performance and one of the key factors impacting export performance. Researchers on the significance of the marketing showed a strong association between export marketing strategy and export performance; a positive and direct impact of marketing strategy on export performance of the firms in question (Mavrogiannis et al., 2008; Lages and Lages, 2003; Julian and O'Cass, 2003; Cavusgil and Zou, 1994). Salavou and Halikias (2008), in their study, also found that the majority of exporter companies that obtained higher profitability were due to their marketing-based strategies.

In contrast, researchers such as Julian and O'Cass, (2003) concluded that export marketing strategies had no effect on export performance. Also in the research by Abdul Adis and Md.Sidin (2010) revealed that there was no direct or significant relationship between export marketing strategy (concluding product adaption, promotion adaption, distribution strategy, design strategy, price competitiveness, support to foreign distributor, target market specification) and export performance of Malaysian wooden furniture industry. In brief, although a few studies mention there is not any relationship between the two variables. On the other hand, most researchers

concluded that marketing strategy had significant positive effects on export performance and it was an important part of studies that had been evaluated many times previously.

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 studies, Shim et al., (2004) and Patterson and Smith (2001), have suggested that overall business performance is influenced by the marketing strategy. However, there are a number of reasons that the results of the aforementioned studies are inconclusive (Chiliya, 2009).

A research conducted by Adewale et al. (2013) on the “Impact of Marketing Strategy on Business Performance on SMEs in Nigeria”, they revealed that the independent variables (i.e. Product, Promotion, Place, Price, Packaging and after-sales service) were significant joint predictors of business performance of SMEs in term of profitability, market share, return on investment, and expansion. The study, however, discovered that promotion has no positive significant effect on business performance. The study conforms to the positions of Sajuyigbe et al (2013); Francis & Collins-Dodd, (2004); Shamsuddoha and Ali (2006); Chiliya et al (2009) and Owomoyela et al. (2013) except the result of promotion which has contrary opinion to the previous researchers.

Taiwo (2010) has conducted the study on Strategic Marketing Strategies on the Performance of Firms in Nigerian Oil and Gas Industry and his work have indicated that strategic marketing practices have a significant effect on performance variables and that they interact with the different components to facilitate performance. This statement confirms the observations of earlier studies (Day & Montgomery, 1999; Johne and Davies, 2002; Folan et. al., 2007; Franco-Santos et. al., 2007). Similarly, David et al. (2013) concludes that there is a strong correlation between marketing strategies of SMEs and performance in terms of growth in revenue and job opportunities, improved efficiency, and wider connection with customers. Further, it also enables the SMEs to compete fairly with larger players.

With regards to customer orientation-performance relationships, Appian-Adu and Singh (1998), Asikhia (2010) have conducted the study on the Customer Orientation-performance relationship of SMEs and found that a customer orientation has a positive effect on SMEs' performance.

2.3.2. Empirical Literature Review-Ethiopian Context

In Ethiopia, there is little empirical literature conducted on the subject in view of the context and scope pursued by the researcher. Accordingly, among the research conducted in the Ethiopian context:

Assegedech (2004) has studied “Marketing Strategies for Micro and Small Enterprises” and her work identified that the marketing problems such as lack of product diversity, pricing problems, lack of awareness how to compete in the market, limited business management and salesmanship ability, limited capacity to promotional activities, and lack of market-related knowledge are hindering the development of MSE. However, her study doesn’t reveal the relationship between marketing strategy and performance.

Lidia Samuel (2015) has studied on ‘The Impact of Marketing Strategy on a Firm’s Performance Opinion Survey on Employees of Dashen Bank S.C.’ Her study has revealed that the marketing mix variables have made the impact on the financial performance of the Bank. However, the impact that each of these variables has on financial performance varies. Some variables such as price, place, people, and promotion are stronger predictors. The results also showed that the marketing mix variables only explained part of the financial performance of the Bank. However, the finding of the study is tested in the context of the banking industry; so it is difficult to generalize the finding of this study in the context of SMEs.

Similarly, Solomon Abera (2016) has studied on Assessing the Effectiveness of Marketing Strategy in the Case of Bank of Abyssinia S.C and his study identified that STP, product, price, promotion, and place strategies have played a considerable contribution towards the performance of the bank, while product and place have better prediction power than price and promotion. However, this study was also conducted in the banking context and it is difficult to generalize the finding of the study to the context of the subject matter. Moreover, all of these researchers agreed that marketing mix strategy is the blood of the business organization.

Therefore, even if in different parts of the world various research studies have been conducted on the subject matter (marketing strategies-performance relationships in SMEs context) it is difficult to generalize the finding of the study in the Ethiopian context. Besides, in the knowledge of the researcher, virtually there is no research undertaken on the effect of marketing strategies on SMEs performance in the Ethiopian context. Hence, this study was aimed to examine the effect

of marketing strategies (i.e. STP, product, price, promotion, place, customer orientation, and relationship marketing) on the performance of SMEs.

2.4. Conceptual Framework and Hypothesis Development

This part provides an explanation for building the research framework and developing the hypothesis. It's primarily based on key findings from the literature review of the marketing strategy research.

2.4.1. Conceptual Framework

Marketing strategies are concerned with making decisions on a number of variables to influence mutually-satisfying exchange transactions and relationships. In the middle of 1990s, Day (1994) stated that it is almost an article of faith within marketing that superior business performance is the result of superior skills in understanding and satisfying customers.

The research framework includes two interrelated parts, which are marketing strategy and SMEs' performance measurement. The marketing strategy components are to be investigated within the domain of the STP, marketing mix, relationship marketing, customer orientation, etc. According to Akroush (2003), the development of marketing strategy components is based on the marketing mix which outlines the major components of the marketing strategy in different businesses.

The relationship between marketing strategy and performance has been substantiated at the firm and functional levels (Walker 2004, Porter 1985), although there is often overlap between the two. According to Haghghinasab, Sattari, Ebrahimi, and Roghanian (2013), performance can be measured based on sales growth, market share, brand awareness and profitability. The higher the indices indicates the greater the performance of the business and vice versa. Performance of SMEs has to do with both behavior (activity) and results. This explanation covers achievements of anticipated levels as well as objective review and setting. When the behavior of management is right, then the anticipated levels of output would be achieved and vice versa for failure. This is connected with the concept of customer orientation. It is a concept which transforms the marketing into a potent competitive weapon, shifting organizational values, beliefs, assumptions, and premises towards a two-way relationship between customers and the firm. When behaviors of management towards marketing strategies are geared in a right direction, then this positively affects the performance of SMEs. Therefore, based on the marketing strategy elements and

performances' literature review, the following conceptual framework and hypothesis have been developed as indicated below.

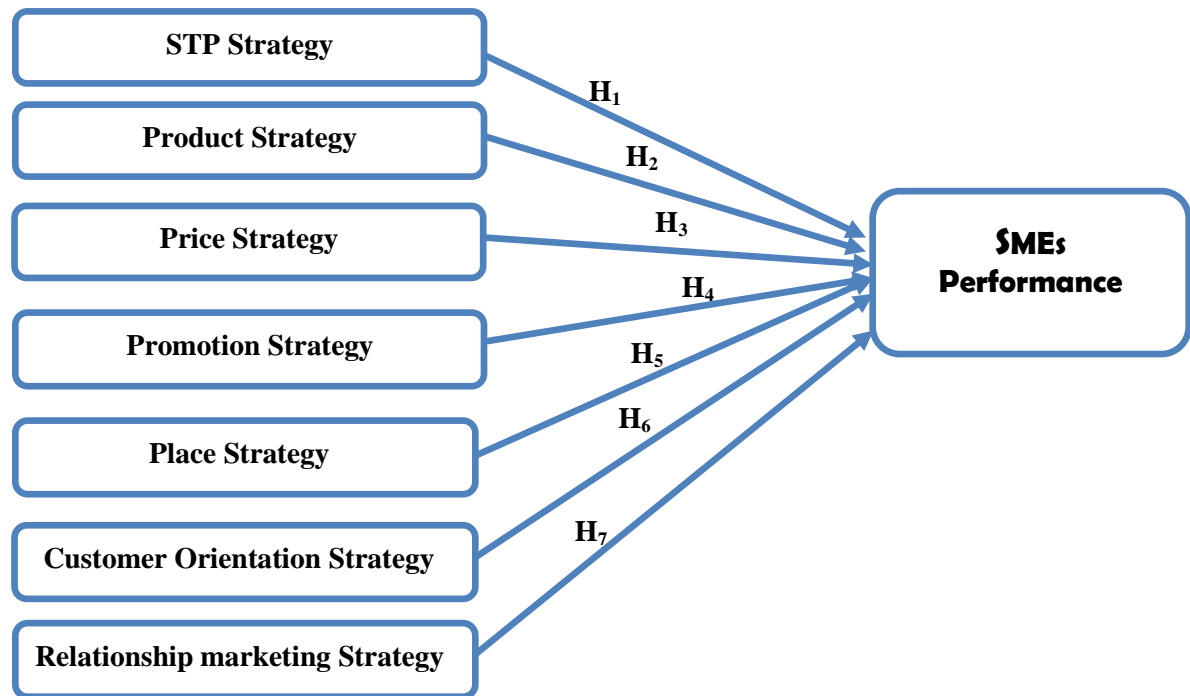


Figure 2: Conceptual Framework adapted from Solomon A. (2016)

2.4.2. Hypothesis Development

STP (Market Segmentation, Targeting, and Positioning) and SME's Performance

For successful SMEs service/product offerings, STP (segmentation, targeting, and positioning) practices plays a major role on their performance. It is a part of the bigger marketing plan that allows marketing managers to separate, identify and evaluate the layers of a market to design a marketing mix. The STP plan helps companies to focus on all the needs and wants of their customers. Premkanth (2012) clearly showed the “The market segmentation, targeting, and positioning highly positive impact on customer Satisfaction” in the research conducted on Commercial Bank of Ceylon PLC”. The research further elaborated that in this competitive commercial world, an organization has to satisfy the needs and wants of the customers, and has to attract new customers, and hence enhance their business. In general, past researchers have suggested that STP strategy have a significant effect on business performance (Christians and Ayana, 2011). Therefore, based on these evidences the following hypothesis was developed.

H₁: STP strategy has positive significant effect the performance of SMEs.

Product Strategy and SMEs' Performance

Kotler and Armstrong (2012) define a product as anything that can be offered to a market for attention, acquisition, use, or consumption that might satisfy a want or need. Product influences have a significant effect on business performance (Gbolagade, et al, 2013). However, in all circumstances, a product's quality should be consistent with other elements of the marketing mix. For example, a premium based pricing strategy will require a quality product possibly branded to support the price change. Consumers buy products frequently, with careful planning, and by comparing brands based on price, quality, and style. Kotler (2003) sees a product as about quality, design, features, brand name and sizes which influence the purchase. Mustapha (2013) also assert that product is the physical appearance of the product, packaging, and labeling information, which can influence behavior whether consumers notice a product in-store, examine it, and/or purchases it. Past researchers have clearly suggested that product influences have a significant effect on business performance (Kazem and Heijden, 2006; Kemppainen, Ogunmokun and Esther, 2004; Owomoyela et al, 2013). Therefore, based on these evidences the following hypothesis was developed.

H₂: Product strategy has positive significant effect the performance of SMEs.

Pricing Strategy and SMEs' Performance

Kotler (2003) defines price as a cost of producing, delivering and promoting the product to be exchanged 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. Price can be stated as the actual or total rated value of a product which is up for an exchange. The price you set for your product or service plays a significant role in its marketability. In a study by Colpan (2006), Doole et.al (2006), and Owomoyela et al, (2013) they establish the significant relationship between price and business performance. Therefore, based on these evidences the following hypothesis was developed.

H₃: Price strategy has positive significant effect the performance SMEs.

Promotion Strategy and SMEs' Performance

Zeithaml *et al.* (1995) describes promotion as part of specific effort to encourage customers to tell others about their services. According to Duncan (2005), promotion is the key to the market exchange process that communicates with present and potential stakeholders, and the general

public. Hakansson (2005) also 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. Borden (1984) defines promotion as sales promotion, advertising, personal selling, public relations and direct marketing. 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 researchers Amine and Cavusgil (2001); Francis and Collins-Dodd (2004) have established the significant relationship between promotion and business performance. Therefore, based on these evidences the following hypothesis was developed.

H₄: Promotion strategy has positive significant effect on the performance of SMEs.

Place Strategy and SMEs' Performance

McCharty, Perreault, and Cannon (2011) define place in any way that the customer can obtain a product or receive a service. They also defined distribution as another name for a place. According to them, it is the third element of the marketing mix, and it encompasses all decisions and tools which relate to making products and services available to customers. Kotler and Armstrong (2013) also define place or distribution as a set of interdependent organizations involved in the process of making a product available for use or consumption by consumers. Place strategy calls for effective distribution of products among the marketing channels such as the wholesalers or retailers. Owomoyela et al. (2013), Amine Cavusgil (2011), agreed that place has the significant effect on business performance. Therefore, based on these evidences the following hypothesis was developed.

H₅: Place strategy has positive significant effect on the performance of SMEs.

Customer Orientation and SMEs' Performance

Small and medium enterprises with limited resources serve a relatively certain group of customers in a small local market. Eggers, et al. (2013) found that SMEs with scarce financial resources tend to be more customer oriented. Due to the scarcity of resources, it will be difficult and costly to change their main services or locations. Such certain group of customers and local market, which are the main source of market information and revenue, are critical to small enterprises. Small enterprises can develop and differentiate products or services to meet the

needs of the niche markets which are neglected by large companies. They also can devote their full attention to serve a group of customers that can remain stable and loyal. Because of the limited scale of market, small enterprises can react instantly to the change of markets and needs of customers. Besides, small enterprises also have a limited number of employees. This means a simple internal organization structure and a relatively cohesive culture. Customer orientation, as an organization management strategy, is widely accepted by businessmen (Appiah-Adu and Singh, 1998; Zhou, 2007).

Previous studies empirically investigated the relationship between market orientation and firm performance. Most studies support a positive relationship between market orientation and firm performance (Kumar et al., 1998; Narver and Slater, 1990). Therefore, as the core component of market orientation, the customer orientation is positively related to the firm performance (Appiah-Adu and Singh, 1998; Asikhia, 2010; Zhou et al., 2007). Collectively, small enterprise with customer orientation focuses on their current customers and intends to find out how to satisfy their customers efficiently. In a limited local market, a customer emphasis will improve a small enterprise's incomes and may attract new customers. Therefore, based on these evidences the following hypothesis was developed.

H₆: Customer Orientation strategy has positive significant effect on the performance of SMEs.

Relationship Marketing and SMEs' Performance

Creating long lasting relationships helps to ensure long-lasting customers and repeat sales. Customers want to know and feel that they are valued and appreciated as an individual. Showing existing customers that you value and appreciate them encourage them to refer other potential customers which may be their colleagues, friends, relatives, and others to your business (Martins, 2015). Past researchers have clearly suggested that relationship marketing have a significant effect on business performance (Christiana and Ayana, 2011; Kuria, 2010; Sayed H., 2011). Therefore, based on these evidences the following hypothesis is developed.

H₇: Relationship marketing has positive significant effect on the performance of SMEs.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1. Introduction

In this chapter, the research methodology used is briefly discussed. It describes the research approach, research design/type, sampling design, source of the data, data collection method, data collection instrument, method of data analysis, validity and reliability, and research ethics followed.

3.2. Description of the Study Area

The study was conducted in Addis Ababa City. Addis Ababa is the capital city of Ethiopia and the African Union and is often called the African Capital due to its historical, diplomatic and political significance for the continent. The city is divided into 10 sub-cities (Kifle Ketema). These are: Addis Ketema, Akaki Kaliti, Arada, Bole, Gullele, Kirkos, Kolfe Keranio, Lideta, Nifas Silk-Lafto, and Yeka sub-cities. Therefore, out of the ten sub-cities found in the City, the study was conducted within the three sub-cities i.e. Lideta, Yeka, and Kirkos sub-cities.

3.3. Research Approach

There are three basic types of research approaches; quantitative, qualitative, and mixed approach. Quantitative research approach is based on the philosophy of post positivism world view. It is also reductionist in that the intent is to reduce the ideas into a small, discrete set of ideas to test, such as the variables that constitute hypotheses and research questions. In addition, quantitative approach uses statistical methods in describing patterns of behavior and generalizing findings from samples to population of interest, and employs strategies of inquiry such as experiments and surveys (Creswell 2003, pp. 13-15).

Hence, by taking the research objectives and questions into considerations, quantitative research approach was used. A quantitative research approach was used as it is suitable to test relationships using the hypothesis and research questions (Zikmund, 2003).

3.4. Research Design/Type

The research design is the conceptual structure within which research is conducted; it constitutes the blueprint for the collection, measurement and analysis of data. There are three types of research design, namely; exploratory, descriptive, and explanatory (Kothari, 2004).

By taking the research objectives and nature of the study into consideration, descriptive and explanatory research designs were used. As stated by Kothari (2004), descriptive research studies are those studies which are concerned with describing the characteristics of a particular individual, or of a group. Hence, in this study, it was used to describe the demographic and general information of the respondents and enterprise.

Whereas, as suggested by Kumar (2011), explanatory studies clarify the relationship between two aspects of a situation or phenomena. Therefore, in this study the explanatory research design was chosen since it examine the effect of the predictors (marketing strategies) on the dependent variable (performance). The study was used mainly a cross-sectional research survey in which the collection of information from the respondents is carried out at a single point in time.

3.5. Sampling Design

A sample design is a definite plan for obtaining a sample from a given population. It refers to the technique or the procedure the researcher would adopt in selecting items for the sample. Sample design may as well lay down the number of items to be included in the sample i.e., the size of the sample. Sample design is determined before data are collected (Kothari, 2004). Accordingly, the target population, sampling frame, sampling technique, sample size, and sampling procedure of the study are discussed hereunder.

3.5.1. Target population

A population can be defined as all people or items (unit of analysis) with the characteristics that one wishes to study. The unit of analysis may be a person, individual, organization, country, object, or any other entity that researchers wish to draw scientific inferences about (Kelley, Clark, Brown, & Sitzia, 2003). Accordingly, the target populations of the study were the registered/licensed small and medium enterprises operating within the three sub-cities in Addis Ababa City. As per the information obtained from Addis Ababa Micro and Small Enterprise Development Bureau, there were 4,161 Small and Medium Enterprises operating within the three

sub-cities (Lideta, Yeka, and Kirkos) as at November, 2017. The researcher selected these three sub-cities, because these sub-cities have a concentration of various small and medium enterprises.

3.5.2. Sampling Frame

The sampling frame for any sample is a complete list of all the cases in the population from which the sample will be drawn (Saunders et al, 2000). In view of that, the sampling frame for this study was drawn from Addis Ababa Micro and Small Enterprise Development Bureau's list of the registered SMEs operated in three sub-cities that engaged on manufacturing, trade, service, urban agriculture, and construction sectors.

3.5.3. Sampling Technique

In this study, the stratified and purposive sampling techniques were used in combination. The researcher preferred stratified sampling technique based on Kothari (2004) statement that, "If a population from which a sample is to be drawn does not constitute a homogeneous group, stratified sampling technique is generally applied in order to obtain a representative sample. In this technique population is divided into several sub-populations that are individually more homogeneous than the total population (the different sub-populations are called strata)".

Therefore, the strata in this study were the 5 sectors as per Addis Ababa Micro and Small Enterprise Development Bureau (AAMSEDB) classifications. These are: manufacturing, trade, service, construction, and urban agriculture. In general, since each stratum is more homogeneous than the total population, the researcher is able to get more precise estimates of the sample for each stratum and by estimating more accurately each of the component parts and get a better estimate of the whole; in brief, stratified sampling results in more reliable and detailed information (Kothari, 2004, pp. 63).

Besides to the stratified sampling technique, purposive sampling technique was used to select the respondents from each stratum. This technique was needed to choose members of the population to participate in the study purposively based on researcher's own judgments' to answer research questions and/or achieve research objectives.

3.5.4. Sample Size

As a general rule, one can say that the sample must be of an optimum size i.e., it should neither be excessively large nor too small (Kothari, 2004). Sample size can be determined using certain formula in the case of quantitative study, whereas, in qualitative study, determining sample size is entirely a matter of judgment, there are no set rules (Cohen, Manion, and Morrison, 2000).

Thus, to get a representative sample for the population, Yemane (1967) finite and large population sample size formula with 95% confidence level was employed. The formula used to obtain this sample size is presented below:

$$n = \frac{N}{1+N(e)^2}$$

Where: n represents sample size, N represents total number of population size, and e represents sampling error/level precision

According to the information obtained from AAMSEDB, there were total of 4,161 SMEs in three sub-cities operating in 5 sectors which include: Manufacturing (2,230), Trade (226), Service (280), Construction (1,335), and Urban Agriculture (90) as at November, 2017.

Therefore, based on the above formula the sample size of the study is 365 SMEs.

$$n = \frac{4,161}{1 + 4,161 (0.05)^2} = \underline{365}$$

Following the sample size determination, the researcher was allocated the sample size of each stratum through the method of proportional allocation under which the sizes of the samples from the different strata are kept proportional to the sizes of the strata. In order to do so, proportionate stratified sampling (PSS) formula ($n_i = N_i/N * n$) was used.

Where: n_i represents sample size taken from each stratum/sector, N_i total no. of population of each stratum/sector, n total sample size of the study, and N total population size

Table 2: Sample Size of the Respondents from each Stratum

S/n	Strata (Sector)	Activities of SMEs	Total no. of SME in 3 Sub-Cities as at Nov 2017	Sample From each $n_i = N_i/N * 365$
1	Manufacturing	Textile & garment, leather & leather product, food processing & beverage, metal works & engineering, wood works, etc	2,230	196
2	Construction	Sub-contracting, building materials, concrete brick, cobblestone, etc	1,335	117
3	Service	Transport, cafe, restaurant, store service, packaging, beauty salon, electronics, maintenance, etc	280	25
4	Trade	Wholesale, retailer, raw material supply, etc	226	20
5	Urban Agriculture	Animal husbandry, apiculture, horticulture, animal food processing	90	8
	Total		4,161	365

Thus, as indicated in the above table, using proportional allocation, the sample sizes for manufacturing, construction, service, trade, and urban agriculture sectors were 196, 117, 25, 20 and 8, respectively which was proportion to the sizes of the strata viz., 2230: 1335: 280: 226 and 90.

3.5.5. Sampling Procedure

The researcher was targeted the registered Small and Medium Enterprises owners and/or managers operating in Lideta, Yeka, and Kirkos sub-cities in Addis Ababa City. Accordingly, from the total population of 4,161 SMEs in three Sub-Cities operating in 5 sectors, 365 were taken as the sample size. To ensure that all the various groups in the sampling frame are to be surveyed, the researcher was used stratified sampling technique. By using this technique the researcher grouped the SME into homogenous groups (strata) i.e. manufacturing, trade, service, construction, and urban agriculture based on AAMSEDB classification. Following the classification of the population in SMEs into homogenous groups (strata/sector), the researcher was employed proportionate stratified sampling technique to allocate the sample size of each stratum through the method under which the sizes of the samples from the different strata are kept proportional to the sizes of the strata. Then, the non-probability method which is purposive sampling technique was employed to choose the respondents among the strata based on the judgments of the researcher; because this sampling technique was helped to capture the opinion and judgments of management/ owners of the SME towards the marketing strategies.

3.6. Data Sources and Types

The study were used both primary and secondary source of data. The primary source of data was the response collected from the owner and/or manager of SMEs. On the other hand, the secondary source of the data was gathered from different books, articles, journals, and different reports of SMEs to support the primary data.

3.7. Data Collection Instrument and Procedure

A questionnaire is a research instrument consisting of a set of questions (items) intended to capture responses from respondents in a standardized manner (Sauders et.al, 2003). The study was depended on primary data which collected through self administrated questionnaire.

The questionnaire was prepared in line with the objectives of the study and structured into three sections. The first section of the questionnaire was concerned with obtaining some demographic and general data about the respondents and enterprises. While, the second section was dealt to investigating the marketing strategies dimensions i.e. STP strategy, product strategy, price strategy, promotion strategy, place strategy, relationship strategy, and customer orientation in small and medium enterprises. The third section of the questionnaire was dealt with the performance measurements in SME, The questions were structured in close-ended type and responses to the questions were measured by Likert scale of five rating scale where: Strongly Agree (SA)= 5; Agree (A)= 4; Neutral (N)=3, Disagree (D) = 2; and Strongly Disagree (SD) =1. The Likert scale was used to make the questions easier for respondents to answer in a simple way and permit an efficient use of statistics for the interpretation of data.

The questionnaire was first designed in English language and then translated into Amharic language. This can be due to the samples of the study was targeted different SMEs owners/or managers with different educational background, and to obtain the reliable information from the respondents.

Following the approval of the questionnaire by the advisor and internal examiner, the instrument was pilot tested. Subsequently, upon the completion of pilot testing, the questionnaire was edited based on the respondents' feedback and distributed to the sampled owners and/or managers of Small and Medium Enterprise operating in the three sub-cities in Addis Ababa City.

3.8. Validity and Reliability

Validity and reliability of the measures need to be assessed before using the instrument of data collection (Hair et al., 2003). Validity concerns whether an instrument can accurately measure, while reliability pertains to the consistency in measurement. Therefore, in this study the reliability and validity was tested as follows;

3.8.1. Validity

Validity is the degree to which a measure accurately represents what it is supposed to. It is concerned with how well the concept is defined by the measure(s). There are three types of validity: content validity, predictive validity, and construct validity. The content validity is the assessment of the correspondence between the individual items and concept. Validity is the criteria for how effective the design is in employing methods of measurement that will capture the data to address the research questions (Kazi, 2010).

Therefore, in this study in order to assure the validity of the research instrument, various relevant literatures and different previous research questionnaires were used. Also the research advisor and the internal examiner were critically checked for the validity of the questionnaire. As well, the draft survey questionnaire was pilot tested with at least 10 respondents in order to assure that the instrument is clear and unambiguous. Then, following the above mentioned means and pilot testing, the researcher was incorporated the feedback of the respondents into designing of the final survey questionnaire. So, after passing this all process, the research instrument was distributed to the respondents.

3.8.2. Reliability

The reliability of a measure indicates the stability and consistency with which the instrument measures the concept and helps to assess the goodness of a measure (Zikmund, 2003). In this study, the reliability of the items in the instrument was measured using Cronbach's alpha which is the most frequently used reliability test to measure internal consistency when using the Likert scale. According to Sekaran (2003), the closer the reliability coefficient gets to 1.0, the better it is, and those values over .80 are considered as good. Those values in the .70 are considered as acceptable and that reliability value less than .60 is considered being poor.

3.9. Data Analysis Methods

The primary data to be collected through self-administrated questionnaire was analyzed using both descriptive and inferential analysis. In order to do so, Statistical Package for Social Sciences (SPSS) software version 20 was employed. In order to test the reliability and validity of the instrument; factor analysis and Cronbach's alpha tests were used.

Descriptive statistics was used mainly to organize and summarize the demographic and general data of the respondents and enterprises. It was employed percentage, frequency, mean, and standard deviation.

Whereas, inferential statistics move beyond the description of a specific observation to make inferences about the larger population from which the sample was drawn. It was used for testing hypothesis and investigated research objectives. In this study, different types of inferential statistics were employed. Thus, the Pearson Correlation was used to explore the relationship between marketing strategy and performance variables. Likewise, multiple regression analysis was used to measure the magnitude effect of marketing strategies on performance of small and medium enterprises. At the end, the quantitative data was presented in the form of tables, graphs, and charts as desire so as to make all the data readable and understandable.

3.10. Ethical Consideration

In the context of research, ethics is defined as the appropriateness of the researcher's behavior in relation to the rights of the participants or subjects of the research work (Saunders, Lewis, & Thornhill, 2009). Therefore, this study was governed by the general rules of research ethics in such a way that, the respondents were requested to provide information on voluntary basis, there was prior communication about the purpose of the study, and confidentiality of the information was guaranteed. Furthermore, attempts were made to bring clarity in the questionnaire to best fit with the industry context. Lastly, the questionnaires were distributed only to voluntary participants.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS, AND INTERPRETATION

The main objective of the study has been to examine the Effect of Marketing Strategy on Small and Medium Enterprise Performance by formulating hypothesis with the seven independent variables. In order to meet the objective of the study, the data that were gathered from the primary source using questionnaire was analyzed, presented, and interpreted in this section.

4.1. Data Editing and Coding

Once the primary data was collected, prior to the analysis, the questionnaire was reviewed and it was to certify that if questionnaires were filled appropriately. Any incomplete or missing responses were rejected from the subsequent analysis. The steps which stated in the data analysis section such as coding, eliminating coding and data entry error, known as “clearing the data”, Rubin & Babbie (2010) was performed in this research.

4.2. The Questionnaire Response Rate

The questionnaires were physically distributed to SMEs owners and/managers of SMEs operating in Yeka, Kirkos, and Lideta Sub-cities of Addis Ababa City. From the total of 365 questionnaires 353 were collected and the remaining 12 (3.3%) were not responded. The nominal response rate of the collected questionnaires was (96.7%); however, out of these due to incompleteness and missing values only 344 (94%) were usable for further analyses and the remaining 9 (2.5%) were discarded. According to Rubin & Babbie (2010), a response rate of 70% is “very good” for further assessment. Therefore, in this case, the response rate of 94% is significant.

Table 3: Questionnaire Response Rate

Sample Size	365
Collected	353
Remain uncollected	12
Discarded	9
Usable	344
Response Rate	94%

Source: Own Survey Result, 2018

4.3. Testing of the Research Instruments

Before undertaking the analysis to examine the effect of the independent variables on the dependent variable, the researcher undertook the validity and reliability test to assure the research instruments was valid besides reliable.

4.3.1. Validity Test

Content validity is the extent to which a measuring instrument provides adequate coverage of the topic under study. If the instrument contains a representative sample of the universe, the content validity is good. Its determination is primarily judgmental and intuitive. It can also be determined by using a panel of persons who shall judge how well the measuring instrument meets the standards, but there is no numerical way to express it (Kothari, 2004).

As it is stated in the methodology part, for the sake of assuring the validity of the research instrument, all the variables were adopted from previous research works. In order to look over the overall content validity of the instrument such as clarity, length & wording of all variables (items) were inspected by expertise in the area, namely: AASME officials and two Addis Ababa university instructors. To increase the degree of clarity & understandability, the English version questionnaire has translated into Amharic language. Furthermore, the researcher also conducted a pilot test of the questionnaire among the owners and/or managers of 10 SMEs to gather feedbacks towards enhancing the validity of the instruments in line with content validity. Besides, the researchers acquired and incorporated the opinions of the owners and/or managers of SMEs and instructors in order to enhance the research instrument validity.

4.3.2. Reliability Test

Reliability is the extent to which a measurement gives results that are consistent and fundamentally concerned with issues of consistency of measures (Bryman and Bell, 2003). Cronbach's alpha is a measure of internal consistency, that is, how closely related a set of sample items are as a group. It is considered to be a measure of scale reliability. A "high" value for alpha does not imply that the measure is one-dimensional. Technically speaking, Cronbach's alpha is a coefficient of reliability (or consistency). According to Hair, et al., (2006), if α is greater than 0.7, it means that it has high reliability, 0.5 is sufficient, and if α is smaller than 0.3, then it implies that there is low reliability.

Accordingly, the overall Cronbach's alpha result of the 45 items in the study (10 STP items, 6 product items, 6 price items, 6 promotion items, 4 place items, 5 customer orientation items, 4 relationship marketing items, and 4 performance items) was 0.949 which is higher than the minimum alpha value set as acceptable (i.e. 0.70). The Cronbach's alpha result of each item used in the questionnaire is shown in the following table.

Table 4: Cronbach's Alpha Test for Reliability

Reliability Statistics		
	Cronbach's Alpha	N of Items
STP	.849	10
Product	.764	6
Price	.725	6
Promotion	.749	6
Place	.751	4
Customer Orientation	.728	5
Relationship Marketing	.748	4
Performance	.774	4
Overall Reliability	.949	45

Source: Own Survey Result, 2018

4.4. Descriptive Analysis

4.4.1. Demographic Characteristics of the Respondents

Demographic factors are very important indicators of performance in any organization and are the basis for research questionnaire turnout. Even though demographic characteristics are not having great influence on this study, the researcher considers some of them which are believed to have correlation to the study. Hence, the demographic characteristics of gender, age, education, experience, size of the enterprise, sub-sector of the enterprise, number of employees, total capital of the enterprise, the extent to use marketing strategy are emphasized.

Table 5: Demographic Characteristics of the Respondents and General information

Demographic and General Information Related			
Variables	Categories	Outcomes	
		Frequency	Percentage
Gender of the Respondents	Male	204	59.3
	Female	140	40.7
	Total	344	100.0
Age of the Respondents	≤ 20 years	4	1.2
	21-30	173	50.3
	31-40	89	25.9
	41-50	74	21.5
	Over 50	4	1.2
	Total	344	100.0
Educational Status	Less than secondary school	14	4.1
	Certificate Diploma	126	36.6
	First Degree	184	53.5
	Second Degree and Above	20	5.8
	Total	344	100.0
Experience in the Enterprise	≤ 5 years	92	26.7
	6-10 years	203	59.0
	11-15 years	32	9.3
	Over 15 years	17	4.9
	Total	344	100.0
Size of Enterprise	Small	107	31.1
	Medium	210	61.0
	Other	27	7.8
	Total	344	100.0
Sub-sector	Manufacturing	192	55.8
	Trade	19	5.5
	Service	22	6.4
	Construction	104	30.2
	Urban Agriculture	7	2.0
	Total	344	100.0
Number of Employees	≤ 50	112	32.6
	51-100	129	37.5
	101-150	48	14.0
	151-200	35	10.2
	≥ 201	20	5.8
	Total	344	100.0
Total Capital of the Enterprise	Less than 100,000	8	2.3
	100,001-200,000	71	20.6
	200,001-300,000	87	25.3
	>300,000	178	51.7
	Total	344	100.0
The Extent to use Marketing Strategy	Very low extent	-	-
	Low extent	17	4.9

Moderate Extent	179	52.0
Great Extent	122	35.5
Very Great Extent	26	7.6
Total	344	100.0

Source: Own Survey Result, 2018

Table 5 above is designed to display the respondent's demographic and general information outcome. When we look at the first demographic distribution of sex of the respondents, 59.3% of them were male and 40.7% of them were female. This shows that the majority of the respondents were male and one can generalize that the majority of SMEs were owned and/or managed by male.

From the same table 5 above, when we see the age of the respondents, the majority of the respondents fall within 21-30 age bracket which accounted for 50.3%, followed by the age group of 31-40 which accounted for 25.9%. The rest 21.5%, 1.2%, and 1.2% were found between the age bracket of 41-50 years, ≥ 50 years, and ≤ 20 years, respectively. This implies that the majority of the respondents who owned and/or managed the SMEs were youngsters. Therefore, from this result, the researcher understood that the young aged managers and/or owners are strong to offer more skills and they were viewed as being productive in their area of specialization.

With respect to the educational status of the respondents, 53.5% of them were First Degree holders, 36.6 were certificate Diploma, 5.8% of them were second/Masters Degree and above holder, while, the rest 4.1% were less than secondary school. Therefore, this result implies that the majority of the respondents were possessed a high level of education and have know-how/understanding about the marketing strategy concepts.

Taking into account the number of service years or experience, the respondents were asked to state the length of years of services. Accordingly, more than half (59%) of the respondents indicated that they had a working experience of 6-10 years in the enterprise. While, 26.7%, 9.3% and 4.9% of them had ≤ 5 years experience, 11-15 years and >15 years of experience, respectively. Therefore, this result indicated that most of the respondents had a knowledge basis of customer interaction. Likewise, they were well experienced and have the knowledge to evaluate the marketing strategy-performance relationships.

With regards to the size and sub-sectors of the enterprise, the majority of the respondents were from medium-size enterprises which accounted for 61% which followed by the small enterprise which accounted for 31.1%. The remaining percentage were others (which includes: beginner to

intermediate, intermediate to empowered, and empowered to beginner medium industry) accounted for 7.8%. On the other hand, the majority of the enterprises were engaged in manufacturing sub-sector which accounted for 55.5%. While, the remaining 30.2%, 6.4%, 5.5%, and 2% of them were engaged in construction, service, trade, and urban agriculture sub-sectors.

With respect to the number of employees and total capital, most of them have 51-100 employees which accounted for 37.5% and followed by the enterprise having ≤ 50 employees which accounted for 32.6%. While 14%, 10.2%, and 5.8% of them have 101-150 employees, 151-200 employees, and ≥ 201 employees, respectively. On the other hand, with regards to total capital, more than half of them have the total capital of greater than Birr 300,000 which accounted for 51.7%. While, 25.3%, 20.6%, and 2.3% of them have a total capital of Birr 200,001-300,000; Birr 100,000-200,000 and less than Birr 100,000, respectively.

From the same table 5 above, with regards to the extent of the enterprises to use marketing strategy, the majority of them were using the marketing strategy to the moderate extent which accounted for 52%; whereas, 35.5%, 7.6%, and 4.9% of them were using the marketing strategy to the great extent, very great extent, and low extent, respectively. Therefore, this result implies that the respondents have know-how about marketing strategies and fair enough to evaluate the marketing strategies of SMEs.

4.4.2. Descriptive Analysis of the Variables

Descriptive statistics were used to describe the basic features of the data in a study. It provides simple summaries about the sample and the measures. The researcher used descriptive statistics to present quantitative descriptions in a manageable form; each descriptive statistic reduces lots of data into a simpler summary (Gelman, 2007).

Respondents were asked to rate their insight on a five-point Likert scale ranging from 1 being 'Strongly Disagree' to 5 'Strongly Agree' for marketing strategy and performance dimensions. Accordingly, the result of descriptive statistics (mean and standard deviation) of each variable is presented in the table below.

Table 6: Descriptive Statistics

Descriptive Statistics					
	N	Minimum	Maximum	Mean	SD
Customer Orientation	344	1.60	5.00	3.8215	.68410
STP	344	1.30	5.00	3.8445	.70012
Price	344	1.50	5.00	3.8575	.65750
Promotion	344	1.83	5.00	3.9329	.68928
Place	344	1.50	5.00	3.9440	.66839
Relationship Marketing	344	1.25	5.00	3.9491	.73314
Product	344	1.33	5.00	3.9842	.69092
SMEs Performance	344	1.75	5.00	4.1592	.71830
Valid N (listwise)	344				

Source: Own Survey Result, 2018

With the objectives of interpretation of the above descriptive data, the researcher adopted measurement scale intervals or range from Poonlar Btawee, 1987 as cited by Hailu Demissie (2013). Based on Btawee, mean scores ranging from 4.51 to 5.00 consider as “excellent or very good”, 3.51- 4.50 as “good”, 2.51-3.50 as “average or moderate”, 1.51-2.50 as “fair” and 1.00-1.50 as “poor” (Hailu Demissie, 2013).

Based on these parameters, as it has shown in the above table 6, all the research variables fall in the category of the range between 3.51 and 4.50 which means respondents have a good opinion (agree) on that the marketing strategy variables have an effect on the performance of small and medium enterprises. Likewise, all variables scored relatively low scales of standard deviation which tells us that the data are narrowly spread. This means that the respondents have a close opinion regarding each variable of the study.

4.5. Correlation Analysis

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 the relationship between two interval or ratio variables. It is a very useful means to summarize the relationship between two variables with a single number that falls between -1 and +1 (Field, 2005). As per the guideline suggested by Field (2005), the strength of relationship 0.1-.29 shows weak relationship; 0.3-0.49 is moderate; >0.5 shows the strong relationship between the two variables. Hence, in this study correlation analysis was used to examine the relationships

between marketing strategies and performance. Accordingly, the relationship between variables is indicated in the below table.

Table 7: Pearson Correlation Matrix

		Correlations							
		STP	Product	Price	Promotion	Place	CustOrien	Relatmktg	SMEPerf
STP	Pearson Correlation	1							
	Sig. (2-tailed)								
	N	344							
Product	Pearson Correlation	.679**	1						
	Sig. (2-tailed)	.000							
	N	344	344						
Price	Pearson Correlation	.592**	.559**	1					
	Sig. (2-tailed)	.000	.000						
	N	344	344	344					
Promotion	Pearson Correlation	.674**	.612**	.682**	1				
	Sig. (2-tailed)	.000	.000	.000					
	N	344	344	344	344				
Place	Pearson Correlation	.673**	.580**	.538**	.601**	1			
	Sig. (2-tailed)	.000	.000	.000	.000				
	N	344	344	344	344	344			
Customer Orientation	Pearson Correlation	.505**	.500**	.602**	.675**	.489**	1		
	Sig. (2-tailed)	.000	.000	.000	.000	.000			
	N	344	344	344	344	344	344		
Relationship Marketing	Pearson Correlation	.634**	.617**	.774**	.722**	.562**	.700**	1	
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000		
	N	344	344	344	344	344	344	344	
SMEs Performance	Pearson Correlation	.630**	.599**	.641**	.684**	.586**	.644**	.706**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.000	
	N	344	344	344	344	344	344	344	344

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

Source: Own Survey Result, 2018

Bivariate Correlation indicates that whether the relationship between two variables is linear (as one variable increases, the other also increases or as one variable increases, the other variable decreases). Accordingly, as indicated in the above table, the correlation matrix, all of the independent variables (marketing strategies variables) were positively and strongly correlated

with the dependent variable (performance). The first highest strong coefficient of correlation in this research is between relationship marketing variable and performance ($r=0.706$, $p \leq 0.01$). It connotes that there is a strong, positive, and significant relationship between relationship marketing and performance. The second highest strong coefficient of correlation is with the promotion which has strong positive and significant with performance ($r=0.684$, $p \leq 0.01$). Customer Orientation, Price, STP, Product, and Place variables have also strong, positive, and significance relationships with dependent variable (performance) with ($r=0.644$, $p \leq 0.01$; $r=0.641$, $p \leq 0.01$; $r=0.630$, $p \leq 0.01$; $r=0.599$, $p \leq 0.01$, and $r=0.586$, $p \leq 0.01$, respectively). Generally, the above correlation matrix shows that all independent variables were positively and strongly correlated with the dependent variable.

Sig (2-Tailed) value: - This value tells that whether there is a statistically significant correlation between two variables or not. If the Sig (2-Tailed) value is greater than .05, the researcher can conclude that there is no statistically significant correlation between two variables. That means, increases or decreases in one variable do not significantly relate to increases or decreases in the second variable. If the Sig (2-Tailed) value is less than or equal to .05, the researcher can conclude that there are a statistically significant correlation between two variables. That means, increases or decreases in one variable do significantly relate to increases or decreases in the second variable (Pedhazur, 1982).

Hence, as indicated in the above correlation table, the numbers next to Sig. (2-tailed) shows that all are (.000). The convention implies that, if this value is less than .05, then the correlation is considered to be significant (meaning that the researcher can be 95% confident that the relationship between variables is not due to chance). Therefore, the researcher can connote that there is a significant correlation between the independent variables (predictor variables) and dependent variable.

4.6. Regression Analysis

Regression is a technique used to predict the value of a dependent variable using one or more independent variables (Albaum, 1997). Regression analysis is a statistical tool for the investigation of relationships between variables. Usually, the investigator seeks to ascertain the causal effect of one variable upon another. To explore such issues, the investigator assembles data on the underlying variables of interest and employs regression to estimate the quantitative effect of the causal variables upon the variable that he/she influences. The investigator also typically assesses the “statistical significance” of the estimated relationships, that is, the degree of confidence that the true relationship is close to the estimated relationship (Malhotra, 2007). In this study, the researcher was tried to test the assumptions before running the regression analysis.

4.6.1. The Assumptions for Testing Regression Analysis

The test of assumptions should be done because the violations of the assumptions affect consequent use of multivariate statistical methods (Hair et al., 2006). Therefore, Hair et al., (2006) suggested that several assumptions regarding the utilization of multivariate statistical tools, namely normality, homoscedasticity, linearity, and multicollinearity should be applied before performing any multivariate analysis. Accordingly, the researcher has tried to confirm that the obtained data truly represented the sample and obtained the best results.

1. Test of Normality

Hair et al. (2006) noted that normality relates to the shape of the data distribution for an individual metric variable and its relationship to the normal distribution. Assessment of the variables’ levels of skewness and kurtosis is one of the method will determine Normality. In fact, Skewness provides an indication of the symmetry of the distribution. Kurtosis turns to the peakedness or flatness of the distribution relative to the normal distribution.

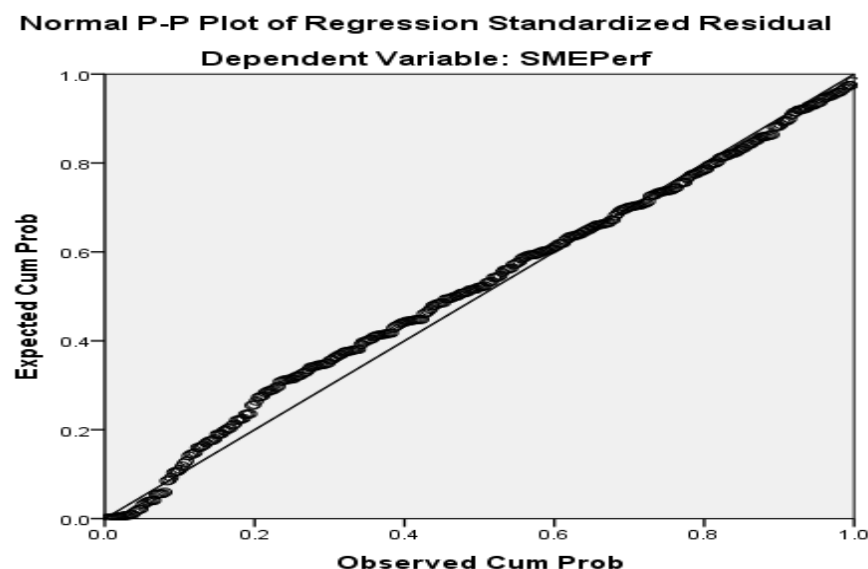
Accordingly, the normal distribution is detected based on skewness and kurtosis statistics. As proposed by George and Mallery (2010) the acceptable range for normality for both statistics is between -2 and +2. Therefore, as depicted in table 8 below, all variables values of Kurtosis and Skewness are almost within the acceptable range for normality. So, this implies that all items show close to normal distribution considering the criteria of Skewness and kurtosis values between -2 and 2. Therefore, the data used in this study was normally distributed.

Table 8: Normality of Distribution Using Descriptive Statistics (Skewness and Kurtosis)

Descriptive Statistics					
Variables	N	Skewness		Kurtosis	
	Statistic	Statistic	Std. Error	Statistic	Std. Error
STP	344	-.330	.131	-.038	.262
Product	344	-.403	.131	-.300	.262
price	344	-.449	.131	.269	.262
Promotion	344	-.468	.131	.007	.262
Place	344	-.665	.131	.615	.262
Customer Orientation	344	-.431	.131	.127	.262
Relationship Marketing	344	-.555	.131	.258	.262
SMEs Performance	344	-1.07	.131	1.06	.262
Valid N (listwise)	344				

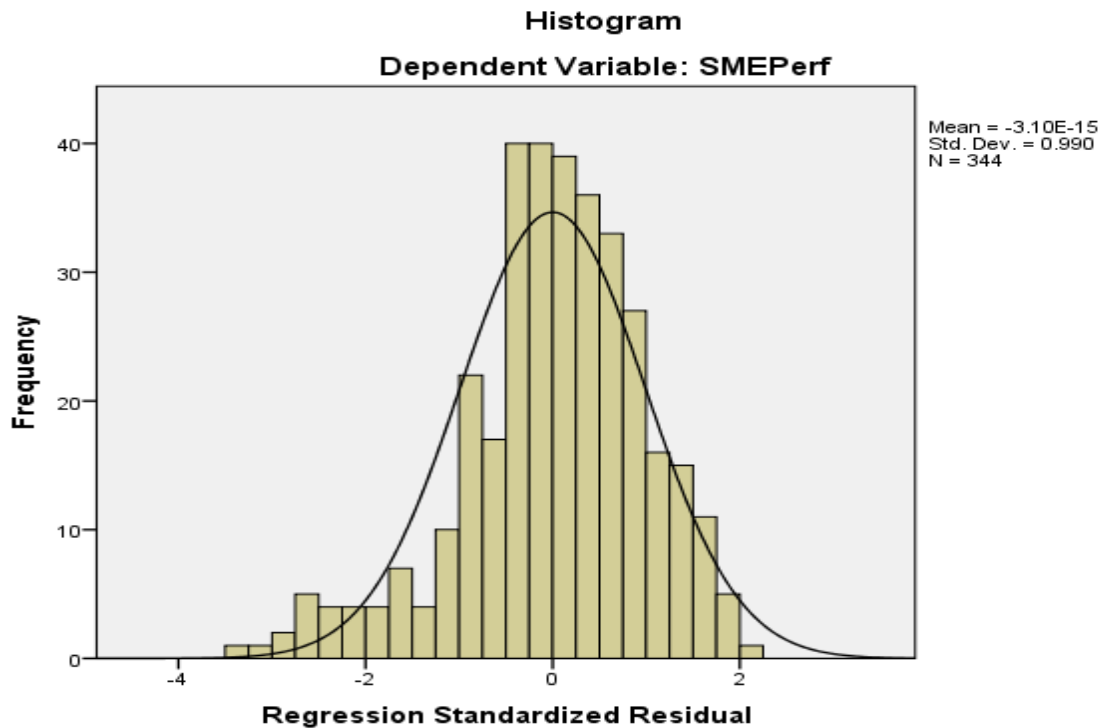
Source: Survey Result, 2018

There is another useful graph that the researcher can inspect to see if a distribution is normally distributed is called a P-P plot (probability–probability plot). 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. If a distribution is normal, the residual line will closely follow the diagonal (Hair et al., 1998). Therefore, as indicated in the figure below, the data were normally distributed.

Figure 3: Normal P-P Plot

Hair et al. (2006) also suggest that histogram is another method to use for comparing the observed data values with a distribution approximating the normal distribution. It is argued that the histogram of the research variables supports the expectation for the normal shape distribution of data. The following figure 4 shows the histogram generated for the study variables.

Figure 4: Histogram



2. Multi-collinearity

Multicollinearity occurs when two or more of the independent variables are highly correlated that certain mathematical operations are impossible. The correlation between independent variables was such that multicollinearity is not a concern because multicollinearity will be created while results of the correlation coefficients are above 0.80 and to be considered-very high (Hair et al. 2006). However, there are two general procedures for assessing collinearity, including tolerance and variance inflation factor (VIF) (Pallant, 2007). The data will be absence of multicollinearity while VIF is less than ten, and tolerance value of greater than 0.10 but less than one (Robert Ho, 2006).

Accordingly, as indicated in table 8 below, the collinearity statistics analysis of variance inflation factors (VIF) value ranges from 2.059 to 4.766 and Tolerance value ranging with 0.227 to 0.486. Likewise, as indicated in table 7 of correlation analysis, the results of the correlation coefficient

between independent variables were below 0.8. Therefore, these results indicated that there was no collinearity problem in this study.

Table 9: Collinearity Statistics

Coefficients ^a			
Model		Collinearity Statistics	
		Tolerance	VIF
1	STP	.368	2.714
	Product	.461	2.169
	Price	.227	4.403
	Promotion	.340	2.945
	Place	.486	2.059
	Customer Orientation	.442	2.260
	Relationship Marketing	.273	4.766

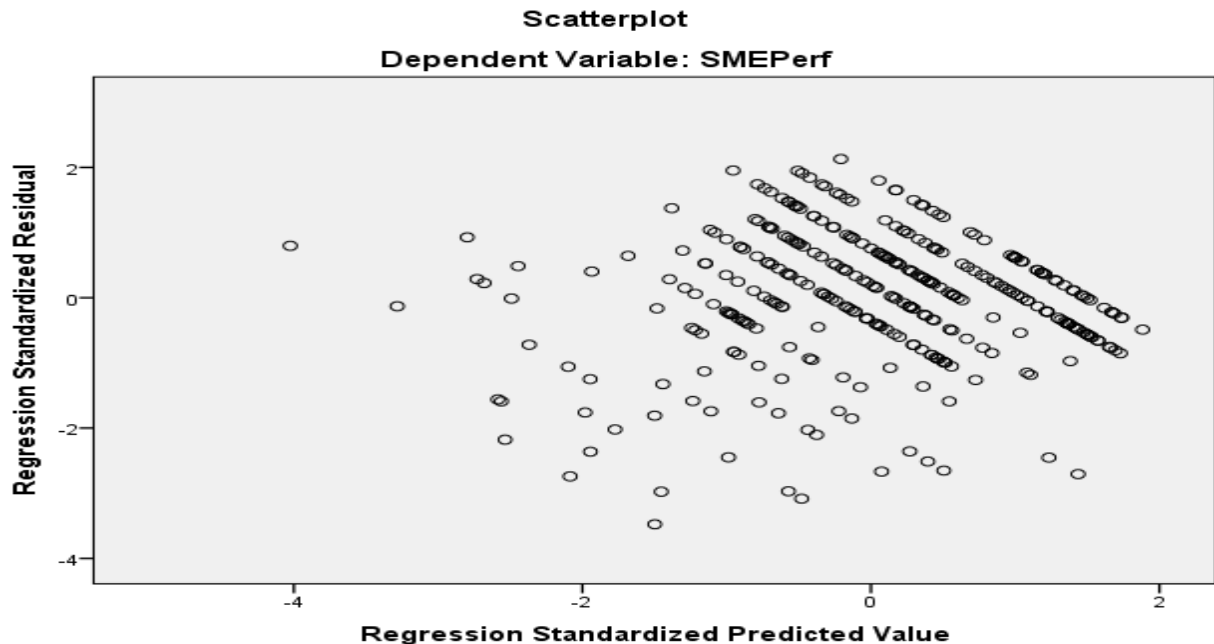
a. Dependent Variable: SMEs Performance

Source: Survey Result, 2018

3. Homoscedasticity of the Error Terms

Hair et al. (2006) indicated that Homoscedasticity relates to the assumptions that dependent variable explaining equal levels of variance across the range of independent variables. Hair et al. (2006) argue the test of homoscedasticity is required because the variance of the dependent variable being explained in the dependence relationship could not be focus in simply a limited range of the independent values. Consistent with Hair et al. (2006), this study tested the homoscedasticity for metric variables using scatterplot. Scatter plots of standardized residual was conducted for all the variables and the outcomes from the data were shown in figure 5. In effect, the scatterplot showed that the pattern of data points does not contain any exact patterns and thus had not violated the assumptions (e.g., no discernible patterns of residuals were indicated).

Figure 5: Scatterplot



4. Independent errors

For any two observations, the residual terms should be uncorrelated (or independent). This eventuality is sometimes described as a lack of autocorrelation. This assumption can be tested with the Durbin–Watson test, which tests for serial correlations between errors. Specifically, it tests whether adjacent residuals are correlated. The test statistic can vary between 0 and 4 with a value of 2 meaning that the residuals are uncorrelated (Field, 2005). As shown in table 10 below, the Durbin-Watson test result is **1.939** which is closer to the acceptable standard of 2.0 shows that there is no autocorrelation problem in the model.

5. 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). The linearity assumption can easily be checked using scatterplots or residual plots: plots of the residuals vs. either the predicted values of the dependent variable or against (one of) the independent variable/s (Hoekstra et al., 2014). The scatter plots of standardized residuals versus the fitted values for the regression models were visually inspected from figure 5.

4.6.2. Multiple Linear Regression Analysis

Linear regression estimates the coefficients of the linear equation, involving one or more independent variables that best predict the value of the dependent variable (Field, 2005). Multiple linear regressions was conducted in order to determine the explanatory power of the independent variables (STP, product, price, promotion, place, customer orientation, and relationship marketing) to identify the relationship and to determine the most dominant variables that influenced the performance. The significance level of 0.05 with 95% confidence interval was used. The reason for using multiple regression analysis was to assess the direct effect of marketing strategy variables on the performance. Table 10 shows the model summary of the regression analysis.

Table 10: Model Summary for SME Performance

Model Summary ^b										
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.784 ^a	.615	.607	.45019	.615	76.744	7	336	.000	1.939
a. Predictors: (Constant), Relationship marketing, Place, price, Product, Customer Orientation, STP, Promotion										
b. Dependent Variable: SME Performance										

Source: Survey Result, 2018

The above regression model presents how much of the variance in the measure of SME's Performance is explained by the underlying marketing strategies variables. Furthermore, to explain R, R², adjusted R² and Durbin–Watson in detail:-

R: Indicates the value of the multiple correlation coefficients between the predictors and the outcome, with a range from 0 to 1, a larger value indicating a larger correlation and 1 representing an equation that perfectly predicts the observed value (Pedhazur, 1982). From the model summary (R=.784^a) indicated that, the linear combination of the seven independent variables (STP, product, price, promotion, place, customer orientation, and relationship marketing) strongly predicted the dependent variable (SME Performance).

R Square (R²): Indicates the proportion of variance that can be explained in the dependent variable by the linear combination of the independent variables. In another word, R² is a measure

of how much of the variability in the outcome is accounted for by the predictors. The values of R^2 also range from 0 to 1 (Pedhazur, 1982). The linear combination of marketing Strategy variables or predictors' i.e. STP, product, price, promotion, place, customer orientation, and relationship marketing explains 61.5% of the variance in SMEs' Performance and the remaining 38.5% is explained by extraneous variables, which have not been included in this regression model. On another word, 61.5% of the variation in the SMEs performance is explained by the changes in the aforementioned independent variables while the rest 38.5% is explained by other factors.

Adjusted R Square (R^2): The adjusted R^2 gives some idea of how well the model generalizes and its value to be the same, or very close to the value of R^2 . That means it adjusts the value of R^2 to more accurately represent the population under study (Pedhazur, 1982). The difference for the final model is small (in fact the difference between R^2 and Adjusted R^2 is $(0.615 - 0.607 = 0.008)$ which is about 0.8%. This shrinkage means that if the model were derived from the population rather than a sample it would account for approximately 0.8% less variance in the outcome.

Durbin-Watson: The Durbin–Watson statistic expresses that whether the assumption of independent errors is acceptable or not. As the conservative rule suggested that, values less than 1 or greater than 3 should definitely raise alarm bells (Field, 2005). So that the desired result is when the value is closer to 2, and for this data, the value is 1.939, which is so close to 2 that the assumption has almost certainly been met.

Table 11: ANOVA of SMEs Performance

ANOVA ^a						
	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	108.877	7	15.554	76.744	.000 ^b
	Residual	68.097	336	.203		
	Total	176.974	343			
a. Dependent Variable: SME Performance						
b. Predictors: (Constant), Relationship Marketing, Place, Product, Customer Orientation, STP, Promotion, Price						

Source: Survey Result, 2018

The ANOVA table shows the overall significance/ acceptability of the model from a statistical perspective (Pedhazur, 1982). As indicated in the above table, the p-value is less < 0.05 i.e. 0.000 which indicates the variation explained by the model is not due to chance. So, the above ANOVA table shows the acceptability of the model. As indicated in table 10, the researcher can connote that R , R^2 , and Adjusted R^2 conducted for the multiple regression predict the SMEs performance based on the linear combination of marketing strategy independent variables is statistically significant.

F-Ratio: F-ratio determines whether the model is a good fit for the data. The F-ratio is calculated by dividing the average improvement in prediction by the model (MSM) by the average difference between the model and the observed data (MSR). If the improvement due to fitting the regression model is much greater than the inaccuracy within the model then the value of F will be greater than 1 and SPSS calculates the exact probability of obtaining the value of F by chance (Pedhazur, 1982). The F-ratio for the above model is 76.744, which is very unlikely to have happened by chance.

The Regression Coefficient

This study intends to identify the most contributing independent variable in the prediction of the dependent variable. Thus, the strength of each predictor (independent variable) influencing the criterion (dependent variable) can be investigated via standardized Beta coefficient.

The regression coefficient explains the average amount of change in the dependent variable that is caused by a unit change in the independent variable. The larger value of Beta coefficient an independent variable has, brings the more support to the independent variable as the more important determinant in predicting the dependent variable.

Table 12: Summary of Coefficient on SMEs Performance

Model		Coefficients ^a				
		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.363	.179		2.030	.043
	STP	.120	.057	.117	2.095	.037
	Product	.106	.052	.102	2.039	.042
	Price	.025	.078	.023	.323	.747
	Promotion	.165	.061	.159	2.734	.007
	Place	.122	.052	.113	2.337	.020
	Customer Orientation	.201	.053	.192	3.771	.000
	Relationship Marketing	.232	.080	.237	2.916	.004

a. Dependent Variable: SMEs Performance

Source: Survey Result, 2018

The marked column B is the value for the intercept (a) in the regression equation on the first row, labeled (constant). The numbers below the column “beta” are the values for the regression coefficients for STP, product, price, promotion, place, customer orientation, and relationship marketing. In the multiple regressions, the standardized regression coefficient Beta (β) is useful, because it allows us to compare the relative strength of each independent variable's effect on the dependent variable (Pedhazur, 1982).

The above coefficient table shows the constant beta value (β) and the p-value of the variables to examine the significance of the hypothesis. The significance level of each variable (P-value) is: .037, .042, .747, 0.007, .020, 0.000, .004 and their standardized coefficients are 0.117, 0.102, 0.023, 0.159, 0.113, 0.192 & 0.237, respectively. The p-value of all the independent variables except for price is below 0.05. This implies that the independent variables have a significant relationship with the dependent variable (SMEs Performance), but, the price is not.

Based on these results, the regression equation that predicts SMEs performance based on the linear combination of STP, product, price, promotion, place, customer orientation, and relationship marketing is as follows:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \beta_7 X_7 + e$$

$$Y = .363 + 0.117X_1 + 0.102X_2 + 0.023X_3 + 0.159X_4 + 0.113X_5 + 0.192X_6 + 0.237X_7 + e$$

Where: Y= SMEs Performance (Dependent Variable)

β_0 = Intercept

$\beta_1, \beta_2, \beta_3, \beta_4, \beta_5, \beta_6,$ and β_7 = Coefficients of the line

X_1 = STP (Segmentation, Targeting, and Positioning)

X_2 = Product

X_3 = Price

X_4 = Promotion

X_5 = Place

X_6 = Customer Orientation

X_7 = Relationship Marketing

e = Sampling error

This result indicates, first, the intercept is .363 when all independent variables have a value of zero. Then, moving through the equation, holding product, price, promotion, place, customer orientation, and relationship marketing constant, the STP increase the Performance of SMEs by 0.117 for each additional STP level increment. The p-value for this coefficient is statistically significant ($p < .05$), meaning that STP is a significant predictor of SMEs performance. Accordingly, the finding revealed that the first hypothesis which states ‘STP strategy has the positive significant effect on the performance of SMEs’ is supported by the data collected on this survey as ($p\text{-value} < 0.05$; $\beta = 0.117$) hence, the alternative hypothesis is confirmed.

The second hypothesis which states the product strategy has positive significant effect on the performance of SMEs’ is also supported because the P-value of product strategy is below 0.05 which is ($P < 0.05$; $\beta = 0.102$) hence the product strategy has the significant positive effect on the performance of SMEs; thus the alternative hypothesis is confirmed.

The third hypothesis which states, the price strategy has the positive significant effect on the performance of SMEs’ is not supported; because the P-value is 0.747 which is greater than 0.05, hence price strategy has the insignificant relationship with the performance of SMEs. Besides, the regression analysis shows that the price strategy has weak and insignificant positive effect on the performance of SMEs ($\beta = 0.023$; $P > 0.05$); hence, the alternative hypothesis is rejected.

The fourth hypothesis which states, the promotion strategy has the positive significant effect on the performance of SMEs' is also supported because the P-value is 0.007 which is less than 0.05; hence, promotion strategy has the significant relationship with SME performance. Besides, the regression analysis shows that, the promotion strategy has positive as well as the significant positive effect on the performance of SMEs ($\beta = 0.159$; $P < 0.05$).

The fifth hypothesis which states the place strategy has positive significant effect on the performance of SMEs' is also confirmed because the P-value of product strategy is 0.020 which is ($\beta = 0.113$; $P < 0.05$) hence, the place strategy has the significant positive effect on the performance of SMEs; thus the alternative hypothesis is supported.

The sixth hypothesis which states the customer orientation strategy has positive significant effect on the performance of SMEs' is also supported because the P-value of customer orientation strategy is 0.000 which is ($P < 0.05$; $\beta = 0.192$); hence, the customer orientation strategy has the significant positive effect on the performance of SMEs; thus the alternative hypothesis is confirmed.

Finally, the regression coefficient finding indicates that relationship marketing has a significant effect on marketing strategy ($P < 0.05$; $\beta = 0.237$). Therefore, the last hypothesis, H7, which states the relationship marketing strategy has the positive significant effect on the performance of SMEs', is supported.

4.7. Discussion of the Result

This study was aimed to examine the effect of marketing strategy on small and medium enterprise performance in the small and medium enterprise. Under the umbrella of marketing strategy; STP, product, price, promotion, place, customer orientation, and relationship marketing were selected as a marketing strategy dimensions as indicated in literature review section.

As indicate in the above table 12, all of the regression coefficients (Beta Coefficients) between the marketing strategy and performance have positive values. Hence, there were no inverse relationships between the marketing strategy variables and performance. The brief discussion on each hypothesis is given below.

Relationship Marketing is the strongest predictor or has the most significant effect on the Small and Medium Enterprise performance because it has the highest Beta coefficient result ($\beta = 0.237$;

$p < .05$). The Beta Coefficient result of 0.237 signifies that for a 1 unit change in the independent variable (Relationship Marketing), the dependent variable (Performance) will change by 0.237 units. It is apparent from this result that, relationship marketing is a decisive factor that affects the performance of the Small and Medium Enterprises. The result of this study is consistent with the study conducted by Ebitu (2015) that found relationship marketing has the significant positive effect the performance of SMEs. In today's entrepreneurial global economy, it is essential to acquisition and retention of customers for the survival of SMEs. Relationship Marketing (RM) is among the best marketing strategy that the SMEs should adopt since customer buying decisions do not solely based on the quality and price, but also depending on their relationship with the firm. According to Martins (2015) creating long lasting relationships helps to ensure long-lasting customers and repeat sales. Showing customers that you value and appreciate them encourages them to refer other potential customers which may be their colleagues, friends, relatives, and others to your business. As further supported by Rouse (2015), the goal of relationship marketing (or customer relationship marketing) is to create strong, even emotional, customer connections to a brand that can lead to ongoing business, free word-of-mouth promotion and information from customers that can generate leads. SMEs have found this strategy to be effective because they acknowledged that the firm's business performance especially the market share improves when the firm values and respects customers; give gift packs to loyal customers occasionally and discuss with customers in a bid to get their view on features and quality of products and services. Therefore, from the result, it can be said that creating long-lasting relationships helps SMEs to ensure long-lasting customers, increasing sales, increasing profitability, creating brand awareness, and satisfying customers.

The second strongest predictor is **Customer Orientation** ($\beta = 0.192$; $P < .05$). The Beta Coefficient result of 0.192 signifies that for a 1 unit change in the customer orientation strategy, the performance will change by 0.192 units. This result is consistent with the study of Appian-Adu and Singh (1998) that studied the Customer Orientation-performance relationship of small and medium-sized enterprises (SMEs) in the UK and found that a customer orientation has a positive effect on SMEs' performance. Asikhia (2010) also found a significant and positive Customer Orientation-performance relationship in the Nigerian SMEs. Some literature theoretically and empirically focuses on the relationship between customer orientation and firm performance. Customer orientation that stresses the sufficient understanding of customers needs and the

complementation of such ideology is consistent with the main purpose of small businesses. In view of the cultural attitude toward customers, small enterprises with few employees have a simple organizational structure and cohesive culture, thus it is easy to introduce and share collectively a customer focus ideology. From the perspective of organizational behavior, small enterprises can jointly devote their limited resources and attention to serve the needs of target customers. A small enterprise with a customer orientation is focused on their current and future customers' needs and find out how to serve customers efficiently. Therefore, from the result and some empirical findings, the customer orientation has the positive significant effect on the performance of small and medium enterprises.

Promotion ($\beta=0.159$; $P<.05$) is the third strongest predictor of performance identified in this study. This result is consistent with Lidia (2015), Amine and Cavusgil (2001), and Adewale et al. (2013) who found that promotion has a positive and significant relationship with business performance. Promotion is the way an organization tries to reach its publics. It is a critical as entrepreneurs strive to make customers aware of different products/or services and their benefits. Respondents in the study concur that promotion strategy is beneficial for their business. Hence, from the results, it can be said that effective promotion of SMEs products/services can improve the organization's performance.

The findings revealed that the 'STP' factor ($\beta=0.117$; $P<.05$) is the fourth strongest predictor of performance. The result of the study indicated that the Beta Coefficient result of 0.117 signifies that for a 1 unit change in STP strategy variable, the dependent variable (Performance) will change by 0.117 units. The result of this study is consistent with the study conducted by Solomon A. (2016) who found that the STP strategy has the significant effect on performance. From the result it can be said that, STP is very important as it is a part of the bigger marketing plan that allows marketing managers to separate, identify and evaluate the layers of a market to design a marketing mix. Market segmentation is a consumer-oriented philosophy that first identifies the needs of the customers within a sub-market and then satisfies those needs. In segmenting a market, a company frequently develops a different variety of product for each segment. That is offering a unique product to different market. After segmenting the market, an organization needs to decide how many and which ones to target. Hence, in entering its target market, a company can enter into such market with differentiated or undifferentiated marketing. Segmentation is therefore an indispensable input to market planning because it is used to

formulate market objectives by which a company may define its market, determine the position of its range of product for expansion.

The fifth strongest predictor is **Place** at ($\beta=0.113$; $P<.05$). The result of the study indicated that the Beta Coefficient result of 0.113 signifies that for a 1 unit change in place strategy variable, the dependent variable (Performance) will change by 0.113 units. The result of this study is consistent with Owomoyela et al (2013); Amine and Cavusgil (2001) who found that place has significant effect on business performance. Ambler (2000) also found that distribution channel relationship has a positive effect on market share and performance. Place creates convenience for customers and achieves basic, yet significant, benefits such as time, place, form and delivery benefits for service organizations customers. Therefore, the result of this study implies that place has the significant positive effect on the performance SMEs.

The sixth predictor of performance is **Product** at ($\beta=0.102$; $P<.05$). The Beta Coefficient result of 0.102 signifies that for a 1 unit change in product strategy variable, the dependent variable (Performance) will change by 0.102 units. The result of this study is consistent with the study conducted by Kazem and Heijen (2006); Owomoyela et al. (2013) who found that product influences have a significant positive effect on business performance. Cavusgil and Zou (1994) also found that better firm performance can be obtained via adapting the product to meet requirements of export customers. Product is the physical appearance of the product, packaging, and labeling information, which can influence behavior whether consumers notice a product in-store, examine it, and/or purchases it. Therefore, the result of this study indicates that product strategy can help the SMEs to improve their performance. This is because customers evaluate product attributes such as quality, features, design, and styles, either rationally or emotionally before buying.

The findings revealed that, the **'Price'** factor ($\beta=0.023$; $P>.05$) has positive effect on the performance of SMEs but, not significant. This result of the study is consistent with the study of Solomon A. (2016) that studied the effectiveness of marketing strategy on performance in Abyssinia Bank and found that price has the insignificant effect on bank's performance. On the other hand, it is contradicting with the findings of Colpan (2006), Owomoyela et al. (2013), Lidia S. (2015) who found that the price has the significant effect on business performance. Pricing is the method adopted by a firm to set its selling prices for its products and services. The price normally depends on cost elements and on the consumer's perceived value of the products

and or services in comparison to competing firms, products and or services. Most of the SMEs spend time and effort to be informed about their competitor's prices and the changes in inflation and also they use the competitors' prices as a benchmark for setting their own prices. Most of them will consider the benefits that the customers will have from using the product, the strength of the customer relationship and positive feedback about the products or services when they set the product prices.

Table 13: Summary of Hypothesis Testing

Hypothesis	Analysis Used	Findings		Result
H₁	Multiple Regression	$\beta = 0.117; p < .05$	Positive Significant	<i>Supported</i>
H₂	Multiple Regression	$\beta = 0.102; p < .05$	Positive Significant	<i>Supported</i>
H₃	Multiple Regression	$\beta = 0.023; p > .05$	Positive but, insignificant	<i>Not supported</i>
H₄	Multiple Regression	$\beta = 0.159; p < .05$	Positive Significant	<i>Supported</i>
H₅	Multiple Regression	$\beta = 0.113; p < .05$	Positive Significant	<i>Supported</i>
H₆	Multiple Regression	$\beta = 0.192; P < .05$	Positive Significant	<i>Supported</i>
H₇	Multiple Regression	$\beta = 0.237; p < .05$	Positive Significant	<i>Supported</i>

Source: Survey Result, 2018

CHAPTER FIVE

SUMMARY OF MAJOR FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

The researcher has tried to examine the Effect of Marketing Strategy on Small and Medium Enterprises Performance in this study. This chapter presents the major findings of the study, conclusions, recommendations, and limitations and suggestions for future research. Accordingly, the first section of this chapter described the findings of the study that presents a brief summary, and the conclusion drawn from it. Lastly, the followed section of this chapter reveals the recommendations for the findings and highlights the direction for further studies.

5.1. Summary of Major Findings

- ❖ Regarding the demographic characteristics of the respondents and general information:
 - ✓ The majority of the respondents were male (59.3%) and the rest 40.7% were females.
 - ✓ Out of the total respondents, more than half (50.3%) of them were aged in the range of 21-30 followed by the age bracket of 31-40 which accounted for 25.9%.
 - ✓ The majority (53.5%) of them were First Degree holders, 36.6% were certificate Diploma, while the rest were Masters Degree holders & above, and less than secondary school.
 - ✓ More than half (59%) of the respondents have 6-10 years of experience in the enterprise. While, 26.7%, 9.3% and 4.9% of them have <5 years experience, 11-15 years and >15 years of experience, respectively.
 - ✓ Regarding the size of the enterprise, the majority (61%) of them were from medium-sized enterprises, 31.1% small enterprise and the remaining 7.8% were others.
 - ✓ Regarding the sub-sectors, the majority (55.5%) of them were engaged in manufacturing. While the remaining 30.2%, 6.4%, 5.5%, and 2% of them were engaged in construction, service, trade, and urban agriculture sub-sectors.
 - ✓ With respect to the number of employees they have, most of them (37.5%) have 51-100 employees. While 32.6% 14%, 10.2%, and 5.8% of them have <50, 101-150, 151-200, and ≥201 employees, respectively.
 - ✓ Regarding the total capital, more than half of them (51.7%) have the total capital of greater than Birr 300,000.

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- ✓ With regards to the extent to use marketing strategy, the majority of them (52%) were used the marketing strategy to the moderate extent. Whereas 35.5%, 7.6%, and 4.9% of the respondents were used to the great extent, very great extent, and low extent, respectively.
 - ❖ The average descriptive statistics for performance (dependent variable) result has shown that the mean score was above the midpoint i.e. 4.1592 of the Likert scale which implies that it inclined to agree.
 - ❖ The result of independent variables of descriptive statistics has shown that the mean score of marketing strategy variables (independent variables) i.e. STP, product, price, promotion, place, customer orientation, relationship marketing has been 3.84, 3.98, 3.85, 3.93, 3.94, 3.82, and 3.95, respectively. The result indicated that the highest mean score from the independent variable is 3.95 for relationship marketing and the lowest mean score is 3.82 for customer orientation. Therefore, the SMEs had better on building the long-term relationship with customers as compared to the rest independent variables.
 - ❖ The result of the correlation analysis has shown that, the seven independent variables: “STP, product, price, promotion, place, customer orientation, and relationship marketing” have the strong correlation with dependent variable “performance” with 95% confidence interval & at 0.01 p-value 2-tailed, by scoring a Pearson Correlation Coefficient “R-value” of 0.630**, 0.599**, 0.641**, 0.684**, 0.586**, 0.644**, and 0.706**. Even though all variables were highly correlated with the dependent variable, there was the difference in their strength of the relationship. Accordingly, relationship marketing had the highest strong relationship with performance than the rest six variables i.e. $r=0.706^{**}$ at the $p \leq 0.01$.
 - ❖ Finally, the regression analysis result revealed that all independent variables except price were statistically significant at p-value $<.05$. The score of the coefficient correlation determination (R^2) is 0.615 which indicate, 61.5% of the variability of overall performance was explained by the seven independent variables. The other variables that were not considered in this study contribute about 38.5% of the variability of SMEs’ Performance. In this study, the Beta weight score indicated that the effect of relationship marketing is greater than other independent variables. Accordingly, the study model fits regression equation become $Y=.363+0.117X_1+0.102X_2+0.023X_3+0.159X_4+0.113X_5+0.192X_6+0.237X_7+e$.

5.2. Conclusions

Marketing is considered as a key element for any successful business, irrespective of its size, sector, the nature of its work and even its aims and objectives. The ultimate goal of any business is to be successful and remain in business, profitably. And it's a no hidden fact that the success or failure of an organization depends on its marketing strategies (Akroush, 2003).

When it comes to marketing strategies, most people spontaneously think about the 4P's (Product, Price, Place, and Promotion). Market segmentation and the identification of target markets, customer orientation, and relationship marketing, however, are an important element of marketing strategy. These are the basis for determining any particular marketing mix and the corresponding business performance of any firm. In line with this, a number of empirical researchers identified the profound relationship among the company efforts paid to marketing strategy and the overall business performance.

In line with this, the researcher undertook the appropriate scientific study with the objective to examine the effect of marketing strategy on small and medium enterprise performance. Based on this study, the following conclusions are drawn out of the research findings:

The study found that the independent variables (the selected marketing strategies variables) have the significant effect on the small and medium enterprise performance but, the price is not. Each one has its unique contribution and effect to the performance of the small and medium enterprises businesses. This also shows the importance of the marketing strategy no matter how small the business may be. Its performance is proportionately depends and goes with the marketing strategy applied. Therefore, from this result one can conclude that, when high-quality product is produced by business organizations, appropriately priced and promoted, efficiently distributed/located at convenient place, needs is customized, and long-term relationship is created it will lead to higher business performance; in term of profitability, increase sales, customer satisfaction, and brand awareness.

Correlation analysis was conducted to analyze the relationships between variables; the correlation matrix revealed that all coefficient of correlation of independent variables were positively and strongly correlated with the dependent variable. Further multiple regression analysis was also conducted to verify if the independent variables have the effect on performance.

To put in a nutshell the outcome of this study: **The first hypothesis** which state that the STP strategy has the positive significant effect on the performance of SMEs is **confirmed** (p-value <0.05 ; $\beta=0.117$). Which means the SMEs are in line with the following points: this variable is very important as it is a part of the bigger marketing plan that allows SMEs managers and/or owners to separate, identify and evaluate the layers of a market to design a marketing mix. Therefore, STP strategy helps SMEs to focus on the needs and wants of their customers and improves the performance of their business.

The second hypothesis which states that the product strategy has the positive significant effect on the performance of SMEs is **confirmed**; because the P-value of the product strategy is (P-value <0.05 ; $\beta=0.102$). The result of this study shows that the product strategy has the effect on the performance of Small and Medium Enterprises in term of profitability, increase sales, customer satisfaction, market expansion etc. This is because customers evaluate product attributes such as quality, features, design, and styles, either rationally or emotionally before buying. When there is conformity between the features and the needs satisfaction of the customer, there is the tendency for repeat purchase and positive word of mouth relationship. Therefore, from this one can conclude that the product strategy has the positive significant effect on the performance of SMEs.

The third hypothesis which states the price strategy has the positive significant effect on the performance of SMEs is **rejected**; because the P-value of the price strategy is (P-value >0.05 ; $\beta=0.023$). This means, the price has an effect on the performance, but its effect is not significant in this case. This is because most of SMEs spend time and effort to be informed about their competitor's prices and the changes in inflation. Although, they use the competitors' prices as a benchmark for setting their own prices and considered the benefits that the customers will have from using the product, the strength of the customer relationship and positive feedback about the products or services when they set the product/service prices.

The fourth hypothesis which states that the promotion strategy has the positive significant effect on the performance of SMEs is **confirmed** because the P-value of the price strategy is (P-value <0.05 ; $\beta=0.159$). The effect of promotion strategy on performance is very significant, in that promotion is about communication which brings about and creates awareness, interest, and trial. Entrepreneurs have not been critical on mass promotion, for instance media advertising at this level because of interpersonal link and network which promotes word of mouth

communication. This may be due to the heavy expenses of promoting products which are always minus to the organization.

The fifth hypothesis which states that the place strategy has the positive significant effect on the performance of SMEs is **confirmed** because the P-value of the place strategy is (P-value <0.05 ; $\beta=0.113$). Place consideration is seen to be another factor having an effect on the performance of Small and Medium Enterprises. This simply means the location, accessibility, and channel of distribution employed by the business organization is a major concern.

The sixth hypothesis which states that the customer orientation strategy has the positive significant effect on the performance of SMEs is **confirmed** because the P-value of the customer orientation strategy is (P-value ≤ 0.01 ; $\beta=0.192$). This is because, customer orientation transforms marketing into a potent competitive weapon, shifting organizational values, beliefs, assumptions, and premises towards a two-way relationship between customer and the firm. It is greatly important to any organization in general and small and medium enterprises in particular to make the firms effort to understand the marketplace and develop appropriate product and service strategies in order to meet customer needs and demands, that interpret into performance.

Finally, the regression coefficient of the **seventh hypothesis** indicates that relationship marketing has a positive significant effect on performance (P-Value ≤ 0.01 and $\beta=0.237$). Therefore, the last hypothesis (H_7) is also **confirmed**. Based on the H_7 result, the researcher can sum up that creating long-lasting relationships helps SMEs to ensure long-lasting customers, increasing sales, increasing profitability, creating brand awareness, and satisfying customers.

5.3. Recommendations

The researcher forwards the following recommendations based on the research findings and the conclusions drawn in the previous sections.

- ❖ SMEs should develop market segmentation, targeting and positioning strategy so that it can give tailored service to their customers and serve them better according to their needs.
- ❖ The SMEs should give consideration to product strategy since customers do really look at product attributes such as quality, features, design, and style. Therefore, SMEs should produce the quality product in order to get competitive advantage over the large enterprise.
- ❖ The SMEs should ensure that the products and/or services are effectively and adequately communicated to the public using the right mix of promotion strategies because promotion is also found to strongly predict the performance of the SMEs.
- ❖ Place strategy is also another important element which strongly predicts the performance of SMEs. Hence, the SMEs should increase the accessibility and convenience of its location and ensure availability of multiple distribution options.
- ❖ Nowadays, customers have become more demanding and more particular about what they want. Hence, in order to get the competitive advantage, during the marketing strategy planning process the needs and wants of current and potential customers should be considered through the customer orientation strategy. So, SMEs owners and/or managers should focus primarily on the needs and preferences of their customers, and serve customers efficiently in order to have a superior performance.
- ❖ The SMEs should not underestimate the power of relationship marketing as it has the ability to enlarge a firm's sales, profitability, customer satisfaction, and brand awareness. Therefore, SMEs should value and respect customers' opinions, practice the art of giving gifts to loyal customers and take customers feedback very seriously.
- ❖ Customers today are more demanding and willing to switch to other providers due to price. Therefore, even if the price strategy has the insignificant effect in this case, SMEs should set their prices against this background and charge acceptable price as well as communicate customers in an easily understandable way.
- ❖ Different workshops and conferences can be set up to further empower SMEs to teach them about product, price, promotion, place, customer orientation, relationship marketing strategies etc.

5.4. Limitations and Suggestions for Future Research

The findings of this study will provide a platform for a variety of future research efforts. In this study, only small and medium enterprises were taken into consideration. So, it is recommended that a similar study will be undertaken using large enterprises of the same sector and make a comparative analysis.

It is also recommendable to examine the research model of this study in other sectors which will be helpful for generalization purposes. Hence, a potential area of future research is to examine the effect of marketing strategy on another industry performance, especially in the Ethiopian context. This research is also limited in that it only focused on the performance of firms measured on profitability, sales, customer satisfaction, and brand awareness. Therefore, future researchers could also study the effect of marketing strategies on ROI, market share, growth, ROA, ROE, and others measures (marketing, financial, and non-financial measurements).

Furthermore, mediating/moderating factors affecting the relationship between marketing strategies and performance were 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's performance. This provides an opportunity for a research endeavor including these moderators.

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Appendix I: English Version Questionnaire

Addis Ababa University School of Commerce Marketing Management Graduate Program

Dear Respondent,

My name is Fekadu Tufa. I am a graduate student in the field of Marketing Management at Addis Ababa University School of Commerce. I would like to seek your assistance in completing the attached questionnaire which forms a basic part of my MA thesis. The purpose of this research is to study “**The Effect of Marketing Strategy on Small and Medium Enterprises Performance in the Case of Addis Ababa City**”. Therefore, your genuine and honest response is very important for the success of the research and the researcher would like to thank you for your cooperation in advance.

Kindly be assured that all information that you provide will be kept strictly confidential and used for academic purpose only. If you require any further information, want feedback on the study or unclear situation please contact me by the following address;

- ❖ Email: fekadutufa@gmail.com
- ❖ Cell phone:+251 913 76 70 60

Thank you in advance for your Space Time and Cooperation!

General Instruction:

- ☞ No need to write your name.
- ☞ Instruction is given at the beginning of each part of the questionnaire.

Part I: Demographic and General Information Question

Please put the tick “√” mark under the choice, write your opinion on the blank space

1. **Gender:** Male Female
2. **Age:** ≤20 years 21-30 years 31-40 years 41-50 years Over 50 years
3. **Educational status:** Less than secondary school Certificate Diploma 1st Degree 2nd Degree and Above If others, please specify_____
4. **Your Experience in the Enterprise:** ≤ 5 years 6-10 years 11-15 years over 15
5. What is **size** of your Enterprise: Small Medium If others, please specify_____
6. What **type/sub-sector** is your business/enterprise engaged in?
Manufacturing Trade Service Construction Urban Agriculture
7. How many **employees** your enterprise has?
≤ 50 51-100 101-150 151-200 ≥201
8. What is your **total capital** (in ETB)?
Less than 100,000 100,001-200,000 200,001-300,000 >300,000

9. To what extent does your business enterprise uses the marketing strategy (STP/Segmentation, targeting and positioning/, product, price, promotion, place, relationship marketing and customer orientation) to attract and keep customers?

Very low extent Low extent Moderate extent Great extent Very great extent

Part II: Marketing Strategy Related Questions

Please indicate how much you agree or disagree with each of the following statements by circling the number that best represents your opinion. **1** indicates strongly disagree (SDA), **2** indicates disagree (DA), **3** indicates neutral (N), **4** indicates agree (A), and **5** indicates strongly agree (SA).

S/no	Statement	SDA	DA	N	A	SA
2.1.	Segmentation, Targeting, and Positioning (STP) Strategy					
1	Focusing on a one or specific market segment can be beneficial to the Small Medium Enterprise.	1	2	3	4	5
2	Market segmentation helps us to adjust specific needs in market.	1	2	3	4	5
3	Effective segmentation can allow us to serve our customer according to their needs.	1	2	3	4	5
4	Targeting can enable us to focus of the precise need of the target segment.	1	2	3	4	5
5	Targeting can permit us to determine the amount of price to offer.	1	2	3	4	5
6	Targeting can allow us to understand the market structure and how to serve it.	1	2	3	4	5
7	Market targeting can assist us to develop and sustain an appropriate marketing mix.	1	2	3	4	5
8	Market positioning can help us to build our image.	1	2	3	4	5
9	Market positioning can help us to create proper appeals in the minds of the target market/s.	1	2	3	4	5
10	Positioning can allow us to fulfill the requirements of our target market/s.	1	2	3	4	5
2.2.	Product Strategy					
1	We provide a wide range of product/service.	1	2	3	4	5
2	The product or service portfolio of our enterprise is up to the customers' expectations.	1	2	3	4	5
3	Providing better quality products/services helps us to meet our customers' needs.	1	2	3	4	5
4	We employ the most advanced technology than our competitors.	1	2	3	4	5
5	We introduce and develop new products/services based on customers' needs.	1	2	3	4	5
6	We build our brand reputation by providing a distinctive service quality.	1	2	3	4	5
2.3.	Price Strategy					
1	Our pricing strategy pays attention to the competition and act accordingly.	1	2	3	4	5
2	The new product pricing strategy encourages customers willing to try new products easily.	1	2	3	4	5
3	We are offering discounts on the basis of loyalty.	1	2	3	4	5
4	The price charged are commensurate to the quality of service offered.	1	2	3	4	5

5	The prices are well communicated and easily understandable.	1	2	3	4	5
6	Our pricing strategy helps us in maximizing our profit.	1	2	3	4	5
2.4. Promotion Strategy						
1	We use different advertising media to promote our products/services.	1	2	3	4	5
2	We offer various sales promotions such as gifts, discounts etc.	1	2	3	4	5
3	Sponsoring special events such as sports, charities and the like help us to promote products/services of the SME.	1	2	3	4	5
4	Participating on exhibition, trade fair, etc help us to sell and promote the products and/services.	1	2	3	4	5
5	Using publicity and public relations helps to enhance image.	1	2	3	4	5
6	Our promotion strategy is able to inform customers about new product/service.	1	2	3	4	5
2.5. Place Strategy						
1	Place strategy improves accessibility towards the customers.	1	2	3	4	5
2	Place strategy is able to give location benefits to customers.	1	2	3	4	5
3	The place strategy matches the demand and supply to functions well.	1	2	3	4	5
4	Place strategy is able to serve our customers well in time.	1	2	3	4	5
2.6. Customer Orientation Strategy						
1	We believe in obtaining client or customer feedback on the services offered.	1	2	3	4	5
2	Information regarding quality of the products and services gives the leverage on marketing offering.	1	2	3	4	5
3	Customer requirements are incorporated in the overall customization of the products to meet customer preference.	1	2	3	4	5
4	We value customer feedback 'they come first'.	1	2	3	4	5
5	We have a strong team that is tasked with obtaining and addressing customer concerns.	1	2	3	4	5
2.7. Relationship Marketing Strategy						
1	A good and positive relationship with customers promotes customers loyalty	1	2	3	4	5
2	Good customer relationship provides increased value to new and existing customers	1	2	3	4	5
3	Customer relationship marketing attracts and keeps the customers in the organization.	1	2	3	4	5
4	Maintaining and enhancing customer relationships is an important aspect of our business.	1	2	3	4	5

Part III: Small and Medium Enterprise Performance

S/no	SMEs Performance	SDA	DA	N	A	SA
1	Our sale is better as compared to other competitors.	1	2	3	4	5
2	Our marketing strategies enable us to attain customer satisfaction.	1	2	3	4	5
3	Our customers have better brand awareness.	1	2	3	4	5
4	The profit of our enterprise is better as compared to other competitors.	1	2	3	4	5

Thank You!

Appendix II: Amharic Version Questionnaire

አዲስ አበባ ዩኒቨርሲቲ
የንግድ ሥራ ት/ቤት
የድህረ ምረቃ ትምህርት ፕሮግራም

ወድ ተሳታፊዎች

ስሜናቃዱ ቱፋ ሲሆን በአዲስ አበባ ዩኒቨርሲቲ የንግድ ሥራ ትምህርት ቤት ውስጥ በሚሰጡ ኬቲንግ ማኔጅመንት ማኅክ ተሚቂ ተሚሂ ነኝ. የድህረ ምረቃ ፅሁፊን ለማሰራት ይህንን ማጠይቅ በመሙላት እንዲተባበሩኝ እጠይቃለሁ፡፡ የዚህ ጥናት አላማ "በአዲስ አበባ ከተማዋ አነስተኛ እና ማኅከለኛ ኢንተርፕራይዝ አፈፃፀም ላይ ያለው የገበያ ስልት ወጠቅ" ማጥናት ነው፡፡ ስለሆነ ምላሽ ለጥናቱ ማሳካት ታማኝ እና ታማኝነትዎ በጣም አስፈላጊ ነው እናም ለትብብርዎ አስቀድሜላ ማመካገን እፈልጋለሁ፡፡

- ❖ ኢ-ሜይል: fekadutufa@gmail.com
❖ ስልክ: +251 913 76 70 60

ለትብብርዎ እና ሰዓቶችን ስለሰጠኝ አስቀድሜክ ማኅግናለሁ!

አጠቃላይ መሚያ

- ☞ ስምዎ ፍ አያስፈልግም
☞ በእያንዳንዱ ጥያቄዎች መጀመሪያ ላይ መሚያ ተቀምጧል

ክፍል 1: የተሳታፊዎች እና አጠቃላይ ሚጃ ጥያቄ

እባክዎ በምርጫ ላይ “√” ምልክት ያድርጉ፡ አስተያየትዎን በባዶው ቦታ ላይ ይጻፉ

- 1. ፆታ ወንድ [] ሴት []
2. ዕድሜ: ≤20 ዓመት [] 21-30 ዓመት [] 31-40 ዓመት [] 41-50 ዓመት [] >50 ዓመት []
3. የትምህርት ደረጃ: ከሁለተኛ ደረጃ በታች [] ሰርተፍኬት ዲፕሎማ []
የመጀመሪያ ዲግሪ [] ሁለተኛ ዲግሪ እና በላይ [] ሌላ ካለ _____
4. በድርጅቱ ውስጥ ያሉት ልምድ: ከ5 ዓመት በታች [] 6-10 ዓመት [] 11-15 ዓመት ከ15 ዓመት በላይ []
5. የድርጅት/ኢንተርፕራይዝ ዓይነት: አነስተኛ [] ማኅከለኛ [] ሌላ ካለ _____
6. ንግድዎ / ድርጅትዎ ምን ዓይነት / ንዑስ ክፍል ውስጥ ነው የተሰማራው?
አምራች [] ንግድ [] አገልግሎት [] ግንባታ [] የከተማ ግብርና []
7. በድርጅት ውስጥ ምን ያህል ሰራተኞች አሉ?
≤50 [] 51-100 [] 101-150 [] 151-200 [] ≥201 []

8. አጠቃላይ ካፒታልዎ ምን ያህል ነው?

ከ 100,000 በታች 100,001-200,000 200,001-300,000 >300,000

9. የእርስዎ የንግድ ሥራ ደንበኞችን ለመሳተፍ ለመቆየት የገበያ ስትራቴጂዎን (የገበያ ክፍፍል፣ ኢላማማድረግ እና አቀማመጥ ስልት፣ ምርት፣ ዋጋ፣ ማስተዋወቂያ፣ በታላቅ ለደንበኞች ስለማስወቅ ስልት) ምን ያህል ይጠቀማል? በጣም አነስተኛ ደረጃ በአነስተኛ ደረጃ በተሻለ ደረጃ በትልቅ ደረጃ በጣም ትልቅ ደረጃ

ክፍል 2: የገበያ ስትራቴጂ/ስልት/ጥያቄዎች

እባክዎ ምን ያህል መስመሮችን ወይም አለመስመሮችን በእያንዳንዱ በመስተላት ዓረፍተነ ገሮች ላይ ባሉት ምርጫዎች የሚመዘኑትን ምርጫዎች ክብቡ 1 የሚመለከት ክተው በጣም አልስማማም 2 የሚመለከት ክተው አልስማማም 3 የሚመለከት ክተው መላስ አልሰጥም 4 የሚመለከት ክተው እስማማለሁ 5 የሚመለከት ክተው በጣም እስማማለሁ

ተ/ቁ	ዓረፍተነ ገር	በአ	አ	ሜ	እ	በእ
2.1	የገበያ ክፍፍል፣ ኢላማማድረግ እና አቀማመጥ ስልት					
1	በአንድ ወይም በተለየ የገበያ ክፍል ላይ ትኩረት ማድረግ ለመከለፍና አነስተኛ ኢንተርፕራይዝ ጠቀሜታ አለው።	1	2	3	4	5
2	የገበያ ክፍፍል የተወሰነ ፍላጎትን በገበያ ውስጥ ለማስተካከል ይረዳል።	1	2	3	4	5
3	የተሳካ የገበያ ክፍፍል ደንበኞችን እንደፍላጎታቸው ለማግለገል ይረዳል።	1	2	3	4	5
4	የተወሰነ ክፍል ላይ ዓላማ አድርጎ መስራት ዓላማ የተደረገውን የገበያ ክፍፍል ፍላጎት ላይ ትኩረት ለማድረግ ይጠቅማል።	1	2	3	4	5
5	የተወሰነ ክፍል ላይ ዓላማ አድርጎ መስራት ለገበያ የሚቀርበው የዋጋ ማጠንን ለመወሰን ይጠቅማል።	1	2	3	4	5
6	የተወሰነ ክፍል ላይ ዓላማ አድርጎ መስራት የገበያን አወቃቀርና እንዲት ማግለገል እንዳለብን ለመረዳት ይጠቅማል።	1	2	3	4	5
7	በገበያ ላይ ማጣጠር አግባብ ያለው የገበያ ስብጥር ለመፍጠርና ለመቆየት ይረዳል	1	2	3	4	5
8	ምርታችንን በሰዎች አዕምሮ ውስጥ እንዲኖር ማድረግ ስለደርጅታችን ጥሩ ምክንያት ለመገንባት ይረዳል።	1	2	3	4	5
9	ምርታችንን በሰዎች አዕምሮ ውስጥ እንዲኖር ማድረግ በዓላማው ገበያ / አእምሮ ውስጥ ተገቢውን አማካኝነት ለመፍጠር ይረዳል።	1	2	3	4	5
10	ምርታችንን በሰዎች አዕምሮ ውስጥ እንዲኖር ማድረግ ትኩረት ለደረግን በትገበያ ፍላጎት ለመጠገን ይረዳል።	1	2	3	4	5
2.2	የምርት ስልት					
1.	ድርጅታችን ስፋት ያለው ምርትና አገልግሎት ይሰጣል።	1	2	3	4	5
2	በድርጅታችን ውስጥ የምርትና አገልግሎት ማጠን ደንበኞቻችንን በሚፈልጉት መልኩ ነው።	1	2	3	4	5
3	የተሻለ ጥራት ያለው ምርትና አገልግሎት መስጠት የደንበኞቻችንን ፍላጎት ለመጠገን ይረዳል	1	2	3	4	5

4	ከተወዳዳሪዎቻችን የበለጠ ጊዜውን የሚመጡ ቴክኖሎጂዎች መሳሪያዎችን እንጠቀማለን።	1	2	3	4	5
5	በደንበኞቻችን ፍሎት ማረጋገጫ አዳዲስ ምርትና አገልግሎቶችን እናቀርባለን።	1	2	3	4	5
6	ልዩ አገልግሎት በማቅረብ የምርት ስሜቶችን በመላካት ምስጋና እንገነባለን።	1	2	3	4	5
2.3 የዋጋ ስልት						
1.	የዋጋ አተማማኝ ስርዓታችን የገበያ ውድድሩን መሠረት አድርጎ ተግባራዊ የሚያደርግ ነው።	1	2	3	4	5
2.	የአዳዲስ ምርቶች ዋጋ አተማማኝ ደንበኞች አዳዲስ ምርቶችን እንዲጠቀሙ በረታታል።	1	2	3	4	5
3.	ታማኝነትን መሠረት ያደረገ የዋጋ ቅናሽ እናቀርባለን።	1	2	3	4	5
4.	የምርት ቀርቦት የገበያ ዋጋ የሚጠቀሙ የአገልግሎት ጥራት ይመጡናል።	1	2	3	4	5
5.	የገበያ ዋጋ በአግባቡ የተነገረ እና በቀላሉ ለመረዳት የሚቻል ነው።	1	2	3	4	5
6.	የዋጋ አተማማኝ ስርዓቱ ትርፍ ማግኘትን ለማጠናከር ይረዳል።	1	2	3	4	5
2.4 የማኅታወቂያ ስልት						
1.	ምርቶቻችንን እና አገልግሎታችንን ለማስተዋወቅ የተለያዩ የማኅታወቂያ ብዙሃንን ይጠቀማለን።	1	2	3	4	5
2.	የተለያዩ የሽያጭ ማኅታወቂያዎችን እንደ ስጦታ የዋጋ ቅናሽና የመሳሰሉትን እናቀርባለን።	1	2	3	4	5
3.	የተለያዩ ፕሮፎራሞችን እንደ ስፖርት፣ እርዳታዎችን እና የመሳሰሉትን ዋቢ በማድረግ መደገፍ ለመካከለኛና አነስተኛ ኢንተርፕራይዝ ምርትና አገልግሎታችንን ለማስተዋወቅ ይረዳል።	1	2	3	4	5
4.	በተለያዩ የንግድ ትርጉሞች ላይ መሳተፍ ምርትና አገልግሎታችንን ለመሸጥ ለማስተዋወቅ እረድቶናል።	1	2	3	4	5
5.	የህዝብ ግኑኝነት ማኅታወቂያዎች ጥሩ እይታ ለመጠጠር ይረዳሉ።	1	2	3	4	5
6.	የማኅታወቂያ ስልታችን አዳዲስ ምርቶችንና አገልግሎቶችን ለደንበኞች ለማስወጠት ይረዳሉ።	1	2	3	4	5
2.5 የቦታ ስልት						
1.	የቦታ አጠቃቀም ስልታችን ደንበኞች ዘንድ ለመድረስ ይረዳል።	1	2	3	4	5
2.	የቦታ አጠቃቀም ስልታችን ደንበኞችን ተኮር ያደረገ ነው።	1	2	3	4	5
3.	የቦታ አጠቃቀም ስልታችን ከገበያ ፍላጎት እና አቅርቦት ጋር የተጣጠመ ነው።	1	2	3	4	5
4.	የቦታ አጠቃቀም ስልታችን ደንበኞቻችንን አግባብ ባለው ሰዓት ለማግለገል ያስችላል።	1	2	3	4	5
2.6 ለደንበኞች ስለማስወጠት ስልት						
1.	በምን ሰጠው አገልግሎት ላይ የደንበኞች አስተያየት ማግኘት እንዳለብን እና ምናለን።	1	2	3	4	5
2.	በምርቶች እና በአገልግሎቶች ጥራት ላይ ያሉ መረጃዎች በግብይት አቅርቦት ላይ ማጠቃለያ ይሰጣሉ።	1	2	3	4	5
3.	የደንበኞች ፍላጎቶች ለመሟላት ምርቶችን በአጠቃላይ ለግል ማገጃት	1	2	3	4	5
4.	የደንበኞች ግብረ መላክ ቅድሚያ ማስጠን እንዳለብን እና ምናለን።	1	2	3	4	5
5.	የደንበኞችን ፍላጎት የሚያሟላው እና ትኩረት የሚያደርግ ጠንካራ ቡድን አለን	1	2	3	4	5
2.7 የገበያ ግኑኝነት ስልት						
1.	ከደንበኞች ጋር ጥሩ እና ቀናነት ያለው ግኑኝነት ደንበኞች ያላቸውን እምነት	1	2	3	4	5

	እንዲያሳድጉ ያደርጋል።					
2.	ጥሩ የደንበኛ ግኑኝነት ማረጋገጫ ደንበኞች ድርጅቱ ላይ ያላቸው አማካኝነት እንዲጨምር ያደርጋል።	1	2	3	4	5
3.	በደንበኞች የግንኙነት ላይ የተመሠረተ ግብይት ደንበኞችን ማሳብና በድርጅቱ ውስጥ ያቆያል።	1	2	3	4	5
4.	የደንበኞች ግንኙነትን ማስቀጠልና እና ማሻሻል የንግድዎ አስፈላጊ ገጽታ ነው።	1	2	3	4	5

ክፍል 3: አነስተኛ እና ማከለሻ ድርጅቶች አረጋግጫ

ተ/ቁ	አነስተኛ እና ማከለሻ ድርጅቶች አረጋግጫ	በአ	አ	ሜ	እ	በ
1.	ሽያጭን ከተወዳዳሪዎች የተሻለ ነው።	1	2	3	4	5
2.	የግብይት ስልታችን የደንበኞችን ፍላጎት እንደና ሟላ እረድቶናል።	1	2	3	4	5
3.	የደንበኞቻችን ስለጥሪታችን ጥሩ ግንዛቤ አላቸው።	1	2	3	4	5
4.	የድርጅታችን ትርፍ ከተወዳዳሪዎች ጋር ሲወዳደር የተሻለ ነው።	1	2	3	4	5

አ ማግኘት ለሁ!

Appendix III: SPSS Output

a) Mean and Standard Deviation of the Variables

Descriptive Statistics			
	N	Mean	SD
Extent to Use Marketing Strategies	344	3.46	.707
Focusing on a one or specific market segment can be beneficial to the Small Medium Enterprise.	344	4.01	1.065
Market segmentation helps us to adjust specific needs in market.	344	3.84	1.070
Effective segmentation can allow us to serve our customer according to their needs.	344	3.62	1.174
Targeting can enable us to focus on the precise need of the target segment.	344	3.44	1.167
Targeting can permit us to determine the amount of price to offer.	344	3.55	1.137
Targeting can allow us to understand the market structure and how to serve it.	344	3.87	1.030
Market targeting can assist us to develop and sustain an appropriate marketing mix.	344	3.72	1.108

Market positioning can help us to build our image.	344	4.02	1.080
Market positioning can help us to create proper appeals in the minds of the target market/s.	344	4.13	.987
Positioning can allow us to fulfill the requirements of our target market/s.	344	4.23	.906
We provide a wide range of product/service.	344	3.91	1.117
The product or service portfolio of our enterprise is up to the customers' expectations.	344	3.80	1.030
Providing better quality products/services helps us to meet our customers' needs.	344	3.83	1.122
We employ the most advanced technology than our competitors do.	344	4.10	.983
We introduce and develop new products/services based on customers' needs.	344	4.13	.867
We build our brand reputation through providing a distinctive service quality.	344	4.14	.985
Our pricing strategy pays attention to the competition and act accordingly.	344	3.88	.917
The new product pricing strategy encourages customers willing to try new products easily.	344	4.09	.925
We are offering discounts on the basis of loyalty.	344	3.67	1.102
The price charged are commensurate to the quality of service offered.	344	3.63	1.077
The prices are well communicated and easily understandable.	344	3.90	1.016
Our pricing strategy helps us in maximizing our profit.	344	3.98	1.024
We use different advertising media to promote our products/services.	344	3.99	1.004
We offer various sales promotions such as gifts, discounts etc.	344	4.03	1.028
Sponsoring special events such as sports, charities and the like help us to promote products/services of the SME.	344	3.99	1.048
Participating on exhibition, trade fair, etc help us to sell and promote the products and/services.	344	3.81	1.067
Using publicity and public relations helps to enhance image.	344	3.68	1.152
Our promotion strategy is able to inform customers about new product/service.	344	4.10	.893
Place strategy improves accessibility towards the customers.	344	3.39	1.117
Place strategy is able to give location benefits to customers.	344	4.02	1.080
The place strategy matches the demand and supply to functions well.	344	4.13	.987
Place strategy is able to serve our customers well in time.	344	4.23	.906
We believe in obtaining client or customer feedback on the services offered.	344	3.61	1.185
Information regarding quality of the products and services gives the leverage on marketing offering.	344	3.74	1.105
Customer requirements are incorporated in the overall customization of the products to meet customer preference.	344	3.87	1.016
We value customer feedback 'they come first'.	344	3.94	.985
We have a strong team that is tasked with obtaining and addressing customer concerns.	344	3.96	1.091
A good and positive relationship with customers promotes customers loyalty	344	3.68	1.078
Good customer relationship provides increased value to new and existing customers	344	3.93	1.009
Customer relationship marketing attracts and keeps the customers in the organization.	344	4.10	.922
Maintaining and enhancing customer relationships is an important aspect of our business.	344	4.08	.862
Our sale is better as compared to other competitors.	344	4.22	1.019
Our marketing strategies enable us to attain customer satisfaction.	344	4.22	.737
Our customers have better brand awareness.	344	4.08	.932
The profit of our enterprise is better as compared to other competitors.	344	4.13	1.007
Valid N (listwise)	344		

b) Correlation

Pearson Correlation								
	STP	Product	Price	Promotion	Place	CustOrient	Relatmktg	SMEPerf
STP	1							
Product	.679**	1						
Price	.592**	.559**	1					
Promotion	.674**	.612**	.682**	1				
Place	.673**	.580**	.538**	.601**	1			
CustOrient	.505**	.500**	.602**	.675**	.489**	1		
Relatmktg	.634**	.617**	.774**	.722**	.562**	.700**	1	
SMEPerf	.630**	.599**	.641**	.684**	.586**	.644**	.706**	1

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

c) Regression Result

Model Summary

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.630 ^a	.397	.395	.55875
2	.672 ^b	.451	.448	.53375
3	.728 ^c	.530	.526	.49468
4	.754 ^d	.568	.563	.47494
5	.759 ^e	.576	.570	.47106
6	.778 ^f	.605	.598	.45517

7	.784 ^g	.615	.607	.45019
a. Predictors: (Constant), STP				
b. Predictors: (Constant), STP, Product				
c. Predictors: (Constant), STP, Product, Price				
d. Predictors: (Constant), STP, Product, Price, Promotion				
e. Predictors: (Constant), STP, Product, Price, Promotion, Place				
f. Predictors: (Constant), STP, Product, Price, Promotion, Place, Customer Orientation				
g. Predictors: (Constant), STP, Product, Price, Promotion, Place, Customer Orientation, R/nship mktg				

ANOVA Result

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	70.200	1	70.200	224.851	.000 ^b
	Residual	106.774	342	.312		
	Total	176.974	343			
2	Regression	79.826	2	39.913	140.098	.000 ^c
	Residual	97.148	341	.285		
	Total	176.974	343			
3	Regression	93.774	3	31.258	127.737	.000 ^d
	Residual	83.200	340	.245		
	Total	176.974	343			
4	Regression	100.507	4	25.127	111.394	.000 ^e

	Residual	76.467	339	.226		
	Total	176.974	343			
5	Regression	101.971	5	20.394	91.907	.000 ^f
	Residual	75.002	338	.222		
	Total	176.974	343			
6	Regression	107.153	6	17.859	86.199	.000 ^g
	Residual	69.820	337	.207		
	Total	176.974	343			
7	Regression	108.877	7	15.554	76.744	.000 ^h
	Residual	68.097	336	.203		
	Total	176.974	343			
a. Dependent Variable: SMEs Performance						
b. Predictors: (Constant), STP						
c. Predictors: (Constant), STP, Product						
d. Predictors: (Constant), STP, Product, Price						
e. Predictors: (Constant), STP, Product, Price, Promotion						
f. Predictors: (Constant), STP, Product, Price, Promotion, Place						
g. Predictors: (Constant), STP, Product, Price, Promotion, Place, Customer Orientation						
h. Predictors: (Constant), STP, Product, Price, Promotion, Place, Customer Orientation, Relatmktg						

Coefficients

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.675	.168		9.947	.000
	STP	.646	.043	.630	14.995	.000
2	(Constant)	1.210	.180		6.737	.000
	STP	.425	.056	.414	7.570	.000
	Product	.330	.057	.318	5.813	.000
3	(Constant)	.685	.180		3.799	.000
	STP	.279	.055	.271	5.021	.000
	Product	.221	.055	.212	4.043	.000
	Price	.395	.052	.361	7.550	.000

4	(Constant)	.548	.175		3.134	.002
	STP	.177	.056	.173	3.138	.002
	Product	.166	.053	.160	3.117	.002
	Price	.263	.056	.241	4.724	.000
	Promotion	.318	.058	.306	5.463	.000
5	(Constant)	.429	.180		2.385	.018
	STP	.124	.060	.121	2.088	.038
	Product	.146	.054	.141	2.734	.007
	Price	.248	.056	.227	4.473	.000
	Promotion	.295	.059	.283	5.036	.000
	Place	.140	.054	.130	2.569	.011
6	(Constant)	.259	.177		1.465	.144
	STP	.135	.058	.131	2.335	.020
	Product	.127	.052	.122	2.443	.015
	Price	.186	.055	.170	3.379	.001
	Promotion	.181	.061	.174	2.974	.003
	Place	.121	.053	.112	2.287	.023
	CustOrient	.254	.051	.242	5.001	.000
7	(Constant)	.363	.179		2.030	.043
	STP	.120	.057	.117	2.095	.037
	Product	.106	.052	.102	2.039	.042
	Price	.025	.078	.023	.323	.747
	Promotion	.165	.061	.159	2.734	.007
	Place	.122	.052	.113	2.337	.020
	CustOrient	.201	.053	.192	3.771	.000
	Relatmktg	.232	.080	.237	2.916	.004

a. Dependent Variable: SMEs Performance