The Effect of Marketing Strategy on Organizational Profitability in the case of Ontex Ethiopia

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External Examiner Signature Date

I DECLARATION

I, Elelta Girmachew Bizuneh, declare that this research entitled "**The Effect of Marketing Mix Strategy on Organizational Profitability**", is the outcome of my own effort and study and that all sources of materials used for the study have been duly acknowledged. I have produced it independently except for the guidance and suggestion of the Research Advisor.

This study has not been submitted for any degree in this University or any other University. It is offered for the partial fulfillment of the degree of MA in Marketing Management.

By: Elelta Girmachew Bizuneh

Signature______________________________

Date_________________________________

II ACKNOWLEGEMENT

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III ACRONYMS/ABBREVEIATION

COMESA: Common Market for East Africa

PLC: Product Life Cycle

SPSS: Statistical Package for Social Science

Three C's: Customer, Competition and Cooperation

4P's: Product, Price, Promotion and Place

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IV ABSTRACT

The research is conducted to investigate the effect of marketing strategy on organizational profitability in the case of Ontex Ethiopia. This research also aims in examining to what extent product, price, promotion and place strategies influence the organizational profitability. The data conducted had a close ended five point likert scale questionnaire. The research conducted used a non-probabilistic convenience sampling technique for the key account customers since all customers are located in different areas of the city. The questionnaire was physically distributed to 181 key account customer (supplier of the product) it is important to investigate suppliers since canbebe is only a manufacturer. Further an interview with the sale/project manager of Ontex Ethiopia was conducted to see why the organization is currently utilizing such strategies. The data analysis was done using statistical package for Social Science (SPSS version 20). By running a correlation test and regression analysis the study has determined to what extent each marketing mix strategy affects the profitability of Ontex Ethiopia. The findings indicate that Ontex Ethiopia had adopted product development strategies, adoprtion of product development strategies has resulted in a positive and significant effect on organizational profitability. Product development strategy has helped Ontex Ethiopia achieve its business goals such as entering new markets by expanding their territory, selling to existing customers and winning over customers from other competitor's. Pricing strategy had a significant effect on Ontex Ethiopia's profitability. However pricing the product to low or to high can have unintended consequences in sales. Pricing strategies gives Ontex flexibility in setting prices and win business or maintain price and increase profit margin. The study further concludes that employment of promotional strategies helped to keep customers of what the firm offered. Place strategy has an insignificant effect on the Ontex Ethiopia's profitability. Distribution of the product is handled by different partners of the organization, involvement of the manufacturer is found to be keen in distribution. The study recommends that Ontex Ethiopia should persistently embrace product development strategy as this strategy provides a framework for creating new products, improving performance, cost or quality of the product. Ontex Ethiopia is continuously adopt pricing strategy such as market penetration pricing, economy pricing, price skimming and premium pricing as these factors have a positive impact on the profitability of the organization. Promotion strategy should also be embraced continuously for reminding the customers about the existence of the product and should state how the product is unique as compared to other products. As for the place strategy there should be a clear invovment of Ontex Ethiopia as of where the product should be delivered in a cost efficient way in different territories.

Keywords: *marketing mix strategy, product, price, promotion, place, profitability*

Chapter One

Introduction

This chapter introduces the nature of the proposed research and the overall planned approach to deal with the stated research problem. It also entails the background of the study, key research objectives, and a short introduction to the methodology and concepts used in the later study.

1.1 Background of the Study

The twenty-first-century processes of globalization resulted in a significant change in all business environments. Companies have to consistently change their usual practices and update their ways of practicing business. Since customers are becoming choosier, it would not be sufficient if marketers use traditional marketing solutions to attract customers. Users are encouraged to exchange a trading sector company, whereas its management has to adapt and to provide an updated marketing mix (Beiki, 2013).

Companies are facing high competition and facilitating successful business activity in the trade sector they need to do expansion in the range of services, sell quality goods, to pay to satisfy the desires of buyers, and to reduce costs. It is also essential to align and effectively use marketing mix elements and their actions to achieve effectiveness (Singh, 2012). Effective marketing mix management enables marketers to create a combination of factors that will allow wisely to manage the company's budget to achieve the desired objectives.

Companies that strive to operate effectively and achieve their goals have to pay well to control all elements of the marketing mix. To make the best result, it is not enough to use only one or a few factors. The formation of the marketing mix elements requires taking into account the characteristics of each component so that they could be aligned.

Recently there has been a significant shift from marketing as a single transaction between supplier and buyer to establishing a longer-term relationship with customers through loyalty schemes and data-based marketing. Marketing is generally considered as the process by which companies create value for customers and build strong customer relationship to capture value from customers in return (Cavusgil and Zou, 2014). Marketing provides a guiding philosophy - company strategy should revolve around serving the needs of essential consumer groups.

The Company identifies the total market, divides it into smaller segments, selects the most promising parts, and focuses on serving them (Kotler,1998). It is generally accepted that acquiring a new customer may turn out to be considerably more expensive than building customer loyalty among the firm's current customers (e.g., Kotler, 2003). This powerfully speaks for the need for higher levels of customer orientation among companies. Therefore for maintaining and growing the target market of customers, a company should provide superior customer value as target customers are the cause of marketing strategy.

Marketing strategy is a process that can allow an organization to concentrate its limited resources on the greatest opportunities to increase sales (Mohamed et al., 2014). A company designs its marketing mix using mechanisms under its control: product, price, place, and promotion. The company engages in marketing analysis, planning, implementation, and control to find the best marketing mix and to take action. By considering the competitive advantage, the company should craft a suitable marketing strategy to fulfill the targeted customers wants and needs.

The marketing mix is the set of controllable, tactical marketing tools that the firm blends to produce the response it wants in the target market (Kotler et al. 2005). The marketing mix consists of everything the firm can do to influence the demand for its product. The many possibilities gather into four groups of variables known as the 'four Ps'; product, price, place, and promotion.

Among possible actions, new products can be a source of competitive advantage because they can be used to reinforce a firm's strategic direction by enhancing its competitive edge in the market (Thomas, R. J, 1993). The customer will favor those products that offer the most quality, performance, or innovative features. By producing products with better quality, performance and superior value than other competitors to satisfy the needs of the customer, it will make the product much more preferable than rival firm's product triggering the increase in sales which will induce the revenue of the company.

According to Monroe (2003), price decision is one of the most critical decisions of management because it affects profitability, and companies return along with its competitiveness. In order to maximize profit, there are two options stated by the economic theory either by maximizing the revenue or by minimizing the cost incurred by the company. This implies that the average cost must be less than the price. Hence, profitability depends on the pricing policy that is set up by the company.

A distribution channel can influence profitability from two standpoints. The first being from a customer standpoint, customers want proximity and convenience to acquire a product, or they will be prone to switch to substitute products. The second standpoint is from the supplier if the supplier is located in distant proximity or the further the location of the supplier, costs tend to increase, making it difficult to strive against competitors.

Changes in the environment caused by technological innovation, globalization, and deregulation, privatization, strengthening the power of consumers, the convergence of different and disintermediation have led to increased market competition (Kotler, 2001). In such situations, companies have to compete in winning the customers favor, and they have to create the demand for their product and serve among the prospective customers. Sales promotion is projected to increase the sales of the final ultimate consumers of the product (Kotler and Armstrong, 2002). Promotion involves disseminating information about a product, product line, or a company. Adetayo (2006) opined that promotion seeks to inform, remind, and persuade target customers about the organization and its product.

Conceding that using a compelling marketing mix without a doubt, help boost companies profitability. This study will be significant in analyzing the effect of each marketing mix strategy and will further help enhance the decision making of the managers at Ontex Ethiopia’s by selecting and implementing the most effective approach.

Currently, the population of Ethiopia is over a hundred million, and with a growth rate of 3.09% each year. Consequently, the living standard of the community is continuously improving, which provides a high potential market for infants and children to be served. The steep increase in growth rate provides a higher demand for purchasing hygienic disposable products.

Ontex global works on hygienic disposable products for baby’s (Canbebe) and incontinence diapers (Canped), wipes, and females sanitary pads (Bello and Helen Harper). Ontex global was first launched in Belgium in 1982, it was close links with the health institutions that dates back to 1979, and they started producing pads for Belgium hospitals, clinics, and care homes. By the 1980s and 1990s, Ontex expanded their product range into disposable pants and pads for incontinence, diapers, and panty liners by acquiring distribution and production facilities across Europe, in the Czech Republic and Turkey. The first factory outside Europe opened in China in 2006, followed by a manufacturing plant in Algeria. In 2011, Ontex acquired one of Europe's biggest disposable hygiene products suppliers, Lille Healthcare and opened plants in Australia, Russia, and Pakistan.

Ontex started supplying disposable hygiene solutions in Ethiopia in 2010 by partnering with Tracon trading. Since May 2015, their brands: Canbebe, Canped, and Wet wipes are distributed by independent distributors in the region. In July 2016, Ontex opened a sales office in Addis Ababa. Ethiopia's manufacturing plant opened officially in July 2017 at Hawassa industrial park (HIP) under Canbebe brand production of baby diapers. Ontex Ethiopia is the first and only diaper manufacturing plant in Ethiopia. The new plant rests on 11,000 square meters; it has a production capacity of making 700 diapers per minute with a quarter of a billion birr investment.

As for the pilot stage, the plant functions in one shift using 35 employees. One of the employees is an expatriate from Kenya, and two of the employees are temporary experts from Germany and Spain until the local employees are capable of replacing them. The operations team has received hands-on training in different plants of Ontex Germany, Spain, and the Czech Republic. As for raw material, the company uses 14 types of input imported from America, Canada, and Korea.

Currently, the company imports 40 items of raw materials from abroad, but shortly, they will be produced here in Ethiopia as most of the raw materials made of textile. The company is allowed to supply 40% of its product to the local market and 60% of the product to East African markets and sub-Saharan countries that are members of COMESA. Out of the total product, the company is targeted to sell 60% of the diaper to infants with the age of up to four years. The target group for children is segmented based on their weights in a kilogram and age. Ontex has diapers available for infants and children that weight from 2kg to 17kg or from age 0 to 4 years old, and the target group for adults includes adults who have incontinence issues. Ontex group functions, production units, and sales office are all ISO 9001 certified.

1.3 Statement of the Problem

Christine Moorman and Donald R. Lehmann (2004) distinguished that the value of marketing strategy and managerial practice is often questioned and that this argument cannot be dismissed. This may be because the outcomes of strategic marketing are subject to many internal and external influences, making the identification of cause-and-effect linkages very hard (Bonoma & Clark, 1988). In spite of its relevance, the effects of strategic marketing on business performance are sparingly studied, especially in particular business contexts.

Firstly this research attempts to close a gap by investigating which internal and external factor has the most influence on the company's profitability by using a specific industry type, which is the hygienic disposable solution.

Descriptive research was conducted by interviewing the sales manager. The interview entails questions on the objective of the company, offensive and defensive strategy towards the competitors and sales operation and distribution strategy implemented by the organization. According to the preliminary research conducted by the researcher to further understand the organization problems, the researcher has come into an understanding that, the strategy implemented by Ontex Ethiopia is too fixated in only achieving growth in sales volume despite the increase in value markets.

This strategy is employed to have control of 50% of the market share in Ethiopia, to attain the company's yearly goal. This study will be value adding since it tries to close the growth in the value gap of the company by looking for new ways of enhancing growth in value market while sustaining the market share. There is not much emphasis given in the value of growth by the company since it's a well-established brand in other parts of the world.

Only a few managers statistically think about pricing while proactively administrating their price to create favorable conditions (Nagle & Holden, 2003). Thirdly the upcoming of rival firms threaten the company's market share to shrink, by importing cheap products. According to UNICEF data, 19 women per 1000 give birth, and the average child uses more than 2700 diapers in the first 12 months. This creates a tremendous potential in the local market since there are only over eight known brands sold in Ethiopia, but only one is locally produced. Lastly, the problem identified is the attitude towards domestically produced products. Customer doubt the quality and durability of the product.

1.4 Research Question

One of the major aims of this study is to provide information to Ontex Ethiopia's managers on which marketing-related issues they should concentrate on to maximize the organization profitability. The primary research problem for this study can thus be presented as follows:

- What is the relationship between marketing mix strategy and organizational profitability?

Accordingly, the problem can be further divided into sub-problems or research questions as presented below:

- How does the product strategy of Ontex Ethiopia influence its profitability?
- What is the effective pricing strategy on the company's profitability?
- What is the overall effect of the promotion strategy on the company's profitability?
- How does the distribution channel affect company performance based on profitability?

These questions are highly relevant for making a managerial decision. The four sub-problems are closely related to each other. Additionally, they are all empirical. Answers to these questions are of interest to any company that seeks long-term profitable growth.

1.5 Objective of the Study

1.51 General Objective

The general objective of the study is to examine the effect of marketing strategy on the profitability of Ontex Ethiopia.

1.52 Specific Objective

The specific objective of this study is to:

- To determine to what extent product strategy affects Ontex Ethiopia's profitability.
- To investigate to what extent pricing strategy influences the profitability of the organization.
- To examine to what extent promotional strategy affects the profitability of Ontex Ethiopia .
- To investigate to what extent the place strategy influences profitability in Ontex Ethiopia.

1.6 Research Hypothesis

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

Hypothesis 2: pricing strategy has a significant and positive impact on profitability.

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

Hypothesis 4: place/distribution strategy has a significant and positive influence on profitability.

1.7 The Significance of the Study

Various researches have conducted on the issues of marketing mix strategy and its effect on profitability and different empirical results across countries as well as industries were witnessed as to the positive relationship between marking strategy and organization profitability that managers should take into account while implementing and practicing marketing concepts. Moreover, those research fallouts have had enormous importance to the manager's knowledge of marketing strategy and its effect on financial performance and market performance.

This study, in general, will contribute to helping enhance managerial decision-making by selecting and implementing the most effective marketing mix strategy for the improvement of profitability in Ontex Ethiopia. The organization can use this study as a base and conduct other researches to formulate strategies. It will also help in the contribution of the academic discussion by offering significant empirical evidence about the key marketing strategy in hygienic disposable products.

1.8 Scope of the Study

There are many interrelated and interdependent variable such as people, physical evidence, process, cost of the product, location that can affect both the marketing strategy as well as profitability but according to this context factors such as product strategy, price strategy, promotion strategy and distribution channel strategy are potential components that sought to influence profitability. Consequently, this paper will be limited to examining the effect of marketing mix strategy on the profitability of Ontex Ethiopia.

The aim of the study was to investigate the marketing strategy-performance of Ontex Ethiopia from both supply and demand side. However, from the supply side, the research will be conducted from the managerial side by manipulating the different strategies used by the management to influence the profitability of the organization and from the demand side, the research conducted on the key account customers to see to what extent each strategy will affect the profitability of the organization. These specific target groups were selected because these respondents are the most influential to craft and implement the marketing strategy.

Geographically, the study was limited to Addis Ababa since all the managers and key account customers are based there.

The research used a mixed analysis and primary data. The study used a qualitative analysis by interviewing the management to have an in-depth insight into why the company utilizes the current strategy. A quantitative analysis was used on key account customers to determine the extent of influence each variable has on profitability. The primary data collection method was implemented by using a semi-structured questionnaire and interview.

1.9 Limitation of the Study

The possible limitation of the study was inability to incorporate all Ontex Ethiopia key account customers (suppliers of Canbebe) and managers throughout the country since the study geographically took place in Addis Ababa. So, it is difficult to generalize the findings and results to all customers throughout the country. Another limitation can be lack of prior research in Ontex Ethiopia or research in sanitary disposable products has challenged me in conducting the research. To overcome such limitation, I have read and analyzed the research done on the similar issue developed countries. Other possible limitation can be the lack of experience in thesis writing skills. Such inexperience problem have been overcomed by reviewing articles and papers written by professional researchers.

1.10 Definition of Terms

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

Marketing Strategy: Kotler et al. (2005), is the marketing logic by which the business unit hopes to achieve its marketing objectives.

Marketing Mix*:* According to Singh (2012), the marketing mix is the combination of different marketing decision variables being used by the firm to market its goods and services. After identifying the market and gathering the necessary information about it, the next step is the direction of market programming, is to decide upon the instruments and the strategy to meet the needs of the customers and the challenge of the competitors. It offers an optimum combination of all marketing ingredients so that companies can realize goals, for example, profit, sales volume, market share, return on investment, etc. The marketing mix is grouped into four elements, i.e., Product, Price, Place and Promotion

Product: according to Kotler et al. (2005), is anything that can be offered to a market for attention, acquisition, use, or consumption that might satisfy a want or need. It includes physical objects, services, persons, places, organizations and ideas

Price: According to Kotler et al. (2008), Price is the amount of money charged for a product or service or the total values that consumers exchange for the benefits of having or using the product or service.

Place: Hirankitti et al. (2009), described the place as the ease of access which potential customer associates to a service such as location and distribution. Place in case of services determines where the service is going to be performed.

Profitability- the amount of profit a company generates on its sales at the different stages of an income statement.

1.11 Organization of the Study

The paper consistS of five chapters; chapter one includes the background of the study, statement of the problem, research questions, objectives of the study, significance of the study, the scope of the study, delimitation of the research and operational definition of terms, schedule, and budgeting. Chapter two covers the review of related literature, which consists of theoretical review, empirical review, and conceptual framework. Chapter three will entail the methodology part Description of the study area, Research approach, Research Design, Population and Sample, Data source and type, Data collection procedure, ethical consideration, and data analysis. In the fourth chapter, the analyzed data was interpreted, discussed, and presented. Lastly, in the fifth chapter summary, conclusions, and recommendations will be despatched based on the findings.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.1 Introduction

This chapter presents the review of related literature in the area of market strategy and organizational profitability to familiarize readers with a better understanding of the subject matter. Theoretical and empirical reviews are reviewed. Finally, the chapter also presents the conceptual framework of the study.

2.2 Theoretical Review

2.2.1 Marketing Mix

The Concept of Marketing Mix

"Marketing mix - a set of relevant factors and solutions that enable customers to meet the (national) needs and achieve the goals set by the company" Pruskus, (2015). According to Philip Kotler, "Marketing Mix is the set of controllable variables that the firm can use to influence the buyer's response." The controllable variables in this context refer to the 4 'P's [product, price, place (distribution), and promotion]. Each firm strives to build up such a composition of 4'P's, which can create the highest level of consumer satisfaction and at the same time, meet its organizational objectives. Thus, this mix is assembled, keeping in mind the needs of target customers, and it varies from one organization to another depending upon its available resources and marketing objectives.

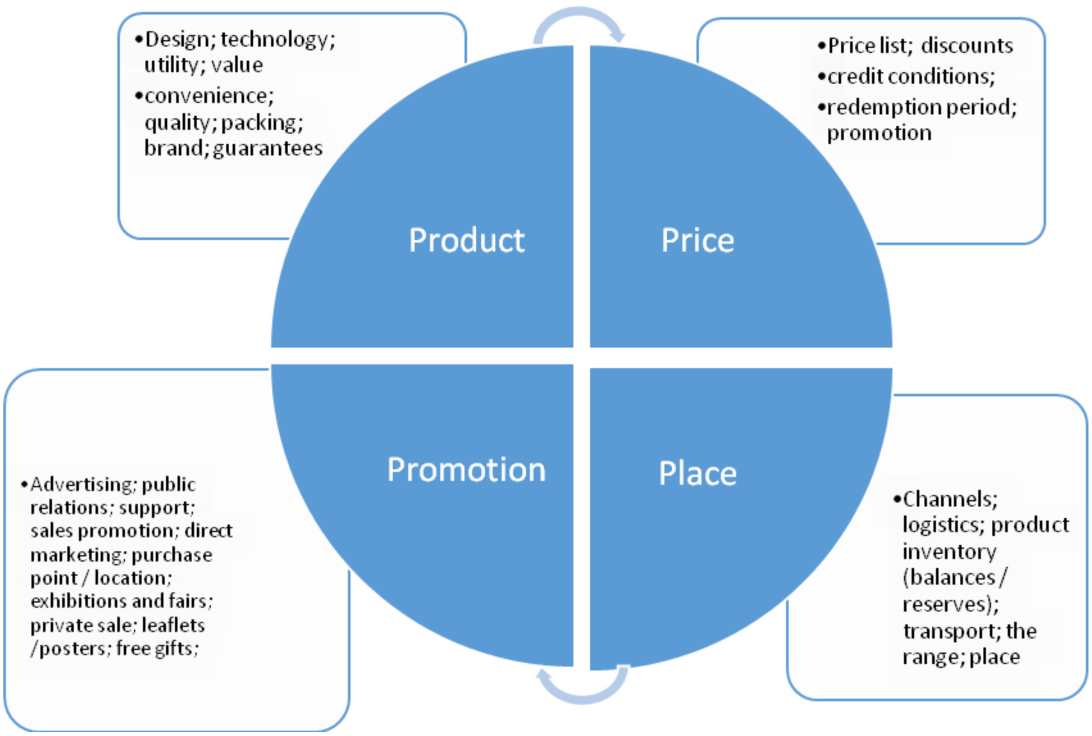

Figure 2.1*:* "4P" marketing mix elements (Gronholm, 2012) pp 25-37

2.2.2 Marketing Strategy

In management discipline, marketing strategy is the marketing logic by which the business unit hopes to achieve its marketing objectives. It shows how the strategy for target markets and positioning build upon the firm's differential advantages. It should detail the market segments on which the company will emphasize. These segments differ in their needs and want, responses to marketing, and profitability. The company should put its effort into those market segments; it can best serve from a competitive point of view. It should develop a marketing strategy for each targeted part (Varadarajan, 2010).

The term "strategic marketing" suggests that it has something to do with both strategy and marketing. Beyond that, it requires further elaboration and development since the concept is still relatively young. According to Varadarajan (2010), the subsequent domain statement is proposed as "The domain of strategic marketing is viewed as encompassing the study of organizational, inter-organizational and environmental phenomena concerned with (1) the behavior of organizations in the marketplace in their interactions with consumers, customers, competitors and other external constituencies, in the context of creation, communication and delivery of products that offer value to customers in exchange with organizations, and (2) the general management responsibilities associated with the boundary spanning role of the marketing function in organizations".

2.2.2.1 Product Strategy

Product development strategy

Brassington and Pettitt (2016) state that regardless of a product of being a new innovation, an update of a familiar product or an imitation of competitor product, it needs careful consideration and planning to make sure it suits the customer needs and wants, it should have a significant competitive advantage and it should be accepted in the market place.

In discussing the nature of the product, three distinct elements need to be considered. These following product elements framework has been adapted from (Kotler, 1988):

Product attributes: are associated with the core product and include such aspects as its features, styling, quality, brand name, packaging, and size and color variants.

Product benefits: are the elements that consumers perceive as meeting their needs – this is sometimes referred to as the 'bundle of potential satisfaction' that the product represents. Included within this bundle are the product's performance and its image.

The marketing support services: consist of all the elements that the organization provides in addition to the core product. These typically include delivery, installation, guarantees, after-sales service, and reputation.

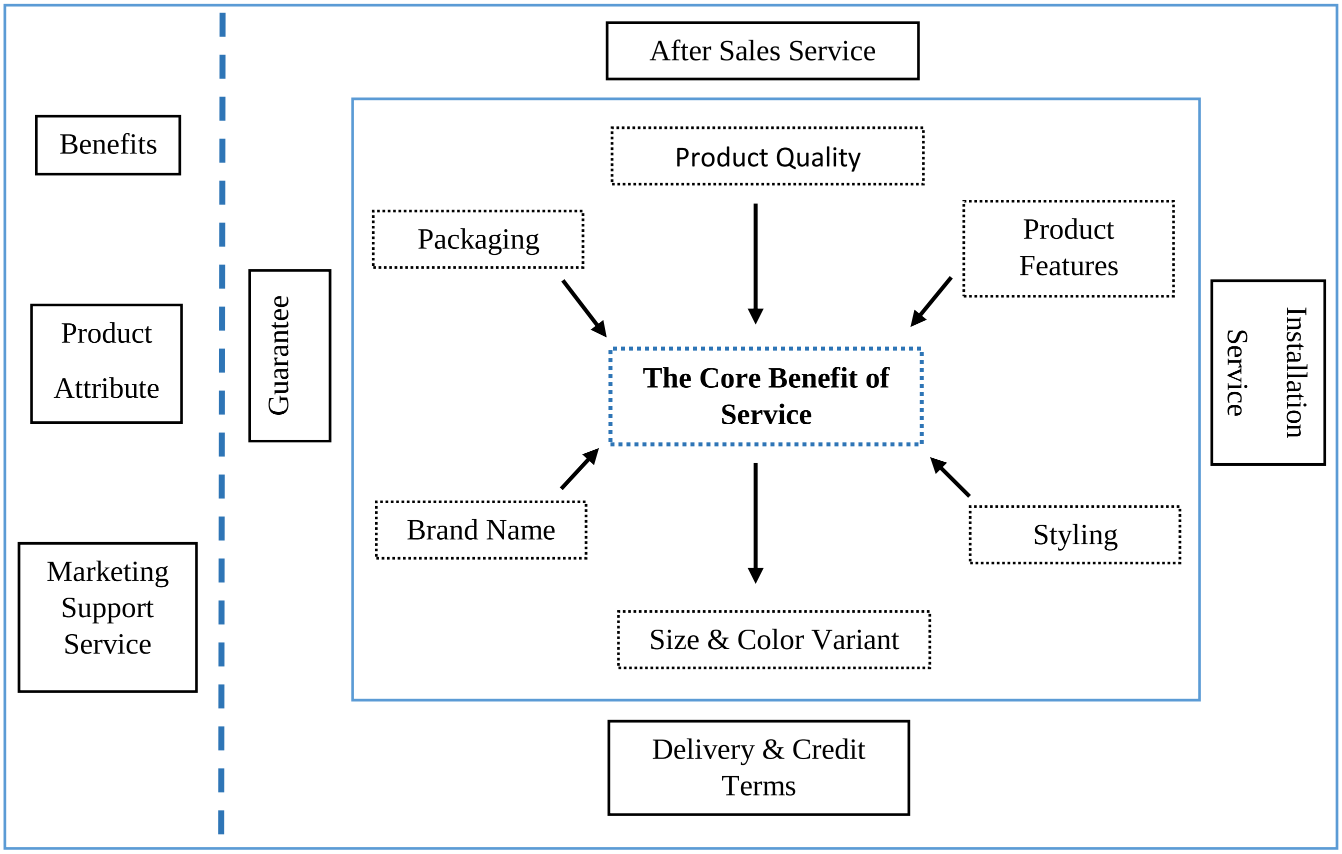

Figure 2.2: *The three basic elements of the product Source: (Kotler, 1988) pp 61*

From the viewpoint of the marketing strategist, these two arguments are the most meaningful and encapsulated in the idea of the product as a 'bundle of potential satisfaction'. Abbott (1955), argues that 'What people really desire are not the products but satisfying experiences', and expanded upon, in turn, by Levitt (1976), who argues that products need to be seen in terms of the benefits they provide rather than the functions they perform.

Views such as this provide strong support for the suggestion that, in developing the product strategy, the marketing strategist needs to give clear recognition both to the objective and the subjective elements of the product. The objective elements (such as physical specification and price) are often easily copied by a competitor. The subjective element, however (which consists of, among other things, the image and reputation), is generally more difficult to copy and in many markets provides the most effective basis for differentiation, and is the area in which value can most easily be added. In reality, the objective and subjective dimensions are interrelated, thus the recognition of this sort of interrelationship of both dimension is necessary to provide value to their customer.

2.2.2.1.1 Types of Product Strategies

Market Leader Product Strategy: In the majority of industries, there is one firm that is generally recognized to be the leader. It typically has the largest market share and, by its pricing, advertising intensity, distribution coverage, technological advance and rate of new product introductions, it determines the nature, pace, and bases of competition. It is this dominance that typically provides the benchmark for other companies in the industry

Leadership Challenging Product Strategy: is whereby the firm allows the existing leader to incur the costs and risks of developing a new product and then moves in rapidly after the launch with a copy or an improved version of the product

Product Following Strategy: they may adopt a less aggressive stance to maintain the status quo.

Me-Too Product Strategy is when a company starts a product just like the competitor and has no differentiating factor, mostly these company's try and minimize their risks.

2.2.2.1.2 Product Life Cycle

Product life cycle (PLC) reflects how products pass through several different stages from their introduction through to their removal from the market. Recognizing this, the planner needs to develop strategies that are appropriate for each stage of the life cycle. Dhalla and Yuspeh (1976), argued that the PLC is conceptually and operationally flawed. The bases of their argument were that:

- The biological metaphors used to suggest that products are living entities is misleading
- The stages of the life cycle are difficult to define
- Attempts to match empirical sales data to life-cycle curves have proved difficult, and the results are mostly meaningless
- Identifying where on the life cycle a product is at any particular time is difficult to determine

Porter (1980) argues that the nature of the industry and its evolution from embryonic to declining is at least of equal importance as the stage of the product's lifecycle.

Introduction Stage

The product life-cycle stage is when the new product is first distributed and made available for purchase. The introduction stage starts when the new product is first launched. The introduction takes time, and sales growth is apt to be slow. In this stage, profits are negative or low because of the low sales and high distribution and promotion expenses. Much money is needed to attract distributors and build their inventories. Promotion spending is relatively high to inform consumers of the new product and get them to try it. The strategic focus is to gain market exposure. Prices tend to be high because costs are high due to relatively low output rates, technological problems in production, and high-required margins to support the heavy promotional expenditures (Kotler, p. et al., 2009).

Growth Stage

The early adopters will continue to buy, and later buyers will start following their lead. Attracted by the opportunities for profit, new competitors will enter the market. They will introduce new product features, improve on the pioneer's product, and expand the market for the product. The increase in competitors leads to a rise in the number of distribution outlets, and sales jump to build reseller inventories. Prices remain where they are or fall only slightly. Companies keep their promotion spending at the same or a somewhat higher level. (Kotler, p. et al.,2009)

Maturity Stage

At some point, a product's sales growth will slow down, and the product will enter a maturity stage. This maturity stage lasts typically longer than the previous stages, and it poses substantial challenges to marketing management. The slowdown in sales growth results in many producers with many products to sell. In turn, this overcapacity leads to greater competition. Competitors begin to cut prices, increase their advertising and sale promotions, and increase their R & D budgets to find better versions of the product. These steps lead to a drop in profit. (Kotler, p. et al., 2009)

Decline Stage

Sales decline for many reasons, including technological advances, shifts in consumer tastes, and increased competition. As sales and profits decline, some firms withdraw from die market. Those remaining may reduce the number of their product offerings. (Kotler, p. et al., 2009)

Criticism of Product life cycle

There are some condemnation and forte when it comes to utilizing the product life cycle concept. The concept has an enduring appeal because of the intuitive logic of the product birth > growth > maturity > decline sequence based on a biological analogy. As such, it has considerable descriptive value when used as a systematic framework for explaining market dynamics (Day 1981, p. 60).

A product is anything that can be offered to a market for attention, acquisition, use, or consumption that might satisfy a want or need. It includes physical objects, services, places, organizations, and ideas (Kotler 1985, 463). Consequently, in the context of the product life cycle, the product is generally broadly construed. With few exceptions, it is not limited to a physical product. Therefore, we should expect the product life cycle to have relevance for services, organizations, and ideas in addition to physical objects.

The limitations of PLC are measurement issues. Difficulties in measuring the product life cycle are directly related to challenges in the specification. Consequently, reliability and validity problems abound. Criticisms and limitations are organized using Hunts criteria for evaluating classification schemata. There is no agreement on the shape of the sales history curve. Wasson (1974), postulated that there were at least nine variations of the classical S-shaped product life cycle.

Hunt argues that if the level of sales determines the stage of the life cycle, then the stage in the life cycle cannot be used to explain the level of sales. Unless and until the product life cycle can be refined to the point where the stages can be identified independent of the sales variable, the life cycle concept will remain impotent and void of explanatory power (Hunt, 1983).

The validity of the product life cycle

As per Polli (2009), the product life cycle concept, long popular in marketing, has been formulated as an explicit, verifiable model of sales behavior and tested against actual data in 140 categories of nondurable goods. While the overall performance of the model leaves some question as to its general applicability, it is a useful model of sales behavior in certain market situations-especially so in the case of different product forms competing for essentially the same market segment within a general class of products. The goodness of fit found in this study depends most heavily on (1) the definition of product used and the relevance of product-class partitioning and (2) the relative influence of demand as compared with supply factors on sales, with the model showing its best performance where demand factors are dominant. The intuitive appeal of the product life cycle, the existence of a theoretical foundation in the adoption process, and the results of empirical tests reported in this paper lead to the conclusion that the model is valid in many everyday market situations. When tested in an explicit form for given categories of goods, the product life cycle can be a useful model for marketing planning and intermediate-term sales forecasting.

2.2.2.1.3 Packaging

Packaging can be defined as an extrinsic element of the product. It is the container for a product. According to Williams (1982), packaging is part of the product which encloses and protects. It is the final stage of production. Packaging helps consumers to choose from a wide range of similar products; and that it also stimulates customers buying behavior (Wells et al, 2007). Packaging is any physical container or wrapper that bears the manufacturer's label and within which the product is contained, protected and offered for sale (Brassington & Pettit, 2003). It consists of variety of materials such as paper, glass, metal or plastic and allows a product to be handled, delivered and presented from the producer to the retailer down to the consumer. However, packaging is more than just a means of containment. Brassington and Pettit (2003) claimed that it acts as a method of communicating product information, both product and brand character to the consumer. In effect, packaging is the integral part of the product and the visual identity of the brand (Molokwu C., 2013).

2.2.2.1.4 Brand Image

Brand image is indispensable for marketing where customers infer the quality of products by the brand image and are further stirred up the behavior of purchasing. Ballantyne et al. (2005) defined brand image as the material property associated with the brand, such as the product name and the packing, which could make profits or sense for customers and help or increase describing the characteristics. Ballantyne, et al. (2005) proposed reducing conceptual model verification with the effects of brand image and brand attitude. Three routes, in the model, were proposed to connect to brand right directly through the brand image and the brand attitude, and indirectly from the brand attitude through the brand image.

Dobni (1990) treated brand image as the brand concept that customers held; and, Robert and Patrick (2009) stated that most brand image was subjectively perceived image, which was interpreted from the rationality or the sensitivity of customers. In addition, brand image did not exist in the technology, the function, and the product but affected by relevant marketing programs, campaign context, and the characters of the accepters. Wu and Fu (2009) said that while referring to a brand image, the perception presented by the fact would be more important than the fact itself.

Keller, (1993) defined brand image as summation of brand associations in the memory of consumer which leads him towards brand perception and brand association including brand attributes, brand benefits and brand attitude. Hsieh, Pan, & Setiono (2004) argued, brand image helps consumer in recognizing their needs and satisfaction regarding the brand, it also distinguishes the brand from other rivals motivating customer to buy the brand. Kotler (2001) defined image as the attitude, thought and feelings of person for a particular thing or object. The essential part of company's marketing program is to sustain brand image (Roth, 1994) and strategy of the brand (Keller, 1993; Aaker, 1991).

Image can create importance and it helps consumer in gathering information, distinguish the brand, creates reason to purchase, and also creates constructive feelings and provides basis for brand extension (Aaker, 1991). Roth (1994) explained that brand image held by customers was the reactions mixed with marketing programs by the manufacturer. Magid and Cox (2006) also thought that brand image included customer responses to brand name, sign, or impression and also represented the symbol of the product quality. Meanwhile, Magid and Cox (2006) considered brand image as a set of assets and liabilities linked with brand name and sign that the assets and liabilities increased or reduced the value by the enterprise providing products or services for customers. Brand image included the customer responses to the brand name, sign or impression, and also represented the symbol of the product quality.

Brand image is the current view of the customers about a brand. It can be defined as a unique bundle of associations within the minds of target customers. It signifies what the brand presently stands for. It is a set of beliefs held about a specific brand. In short, it is nothing but the consumers' perception about the product. It is the manner in which a specific brand is positioned in the market. Brand image conveys emotional value and not just a mental image. Brand image is nothing but an organization's character. It is an accumulation of contact and observation by people external to an organization. It should highlight an organization's mission and vision to all. The main elements of positive brand image are- unique logo reflecting organization's image, slogan describing organization's business in brief and brand identifier supporting the key values.

Brand image is the overall impression in consumers' mind that is formed from all sources. Consumers develop various associations with the brand. Based on these associations, they form brand image. An image is formed about the brand on the basis of subjective perceptions of associations' bundle that the consumers have about the brand.

The idea behind brand image is that the consumer is not purchasing just the product/service but also the image associated with that product/service. Brand images should be positive, unique and instant. Brand images can be strengthened using brand communications like advertising, packaging, word of mouth publicity, other promotional tools, etc.

Brand image develops and conveys the product's character in a unique manner different from its competitor's image. The brand image consists of various associations in consumers' mind - attributes, benefits and attributes. Brand attributes are the functional and mental connections with the brand that the customers have. They can be specific or conceptual. Benefits are the rationale for the purchase decision.

There are three types of benefits: Functional benefits - what do you do better (than others), emotional benefits - how do you make me feel better (than others), and rational benefits/support - why do I believe you (more than others). Brand attributes are consumers overall assessment of a brand.

Brand image has not to be created, but is automatically formed. The brand image includes products' appeal, ease of use, functionality, fame, and overall value. Brand image is actually brand content. When the consumers purchase the product, they are also purchasing its image. Brand image is the objective and mental feedback of the consumers when they purchase a product. Positive brand image is exceeding the customers' expectations. Positive brand image enhances the goodwill and brand value of an organization. To sum up, "Brand image" is the customer's net extract from the brand.

Porter and Claycomb (1997) measured brand image from two dimensions, namely the symbol and the function. With adjectives to measure the two dimensions, the measuring items mainly focused on the utility of the brand regarding the function, while words like symbolic, reputable, status symbol, and identifiable were contained in terms of symbolic image. Positive and negative adjectives, such as simple, romantic, successful, common, ordinary, obedient, calm, and elegant, were utilized to describe the characteristics of users.

Aaker (1996) believed that brand image could be measured through three dimensions, including:
(1)**Brand value**, in relation to functional benefits, also the basic condition required by the brand,
(2)**Brand characteristics**, the connection between brand characteristics and customer perception that appeared differences;
(3)**Brand associations**, the associations the customers presented to the brand that the customer would expand to other merchandise and service of the brand. Graeff (1996) mentioned the method to measure brand image being that the customer made the evaluation with the scale which contained a series of languages with different meanings (Shahbaz et al. 2009). It combined the dimensions with personality characteristics to create a section with overall brand image, or made descriptive explanations on typical users' image to each brand. Biel (1992) considered three elements of brand image, namely the maker's image (enterprise image), the product image, and the image of competitor's brand. All of the three had great impact on customers' image of brand while brand image would then have influence on user image.

2.2.2.2 Pricing Strategy

The second principal element of the marketing mix is the price. Price is in many ways, one of the most visible, and for many organizations, price is also potentially the most controllable and flexible element of the mix. Pricing decision is taken out of the hands of the marketing strategist by a combination of market-related factors. The most obvious among these is the existence of a large and aggressive competitor, who in effect determines prices for the industry as a whole and who, except just one or two small niche players, all other organizations are obliged to follow.

2.2.2.2.1 Pricing Strategy and Organization

Shipley and Jobber (2001) have argued that it is essential to adopt a systematic and well-organized approach to pricing. They proposed a process called the 'pricing wheel. Pricing wheel is to emphasize that pricing is a more or less continuous process in which pricing decisions must be continuously updated to take account of factors within the control of the firm, such as new product features, and factors outside of the power of the firm, such as new competitor pricing strategies.

The marketing strategist needs then to decide upon the specific pricing objectives that are to be pursued. Although the nature of these objectives and their implications for the final price charged can vary. These pricing methods are commonly used:

Discouraging others from Entering the Market: This is done by deliberately setting a low price so that returns are low, at the same time sending out signals about a willingness to engage in a price war with any new entrants.

Market Skimming. With a skimming objective, the marketer enters the market with a high price and only gradually lowers it as he or she seeks a higher number of market segments. In this way, profits are likely to be relatively high and, by minimizing the degree of commitment at any one time, the levels of risk are reduced.

Market Penetration: As an alternative to the gradual entry strategy of market skimming, the firm may adopt a far more aggressive approach in which prices are set at a deliberately low level to ensure a high level of sales and to keep competitors at a distance.

Return on Investment: Here, prices are set partly to satisfy the needs of consumers, but more importantly, to achieve a predetermined level of return on the capital investment involved.

Market Stabilization: Here, having identified the leader in each market sector, the firm determines its prices in such a way that the likelihood of the leader retaliating is minimized. In this way, the status quo is maintained, and market stability ensured.

Meeting or the following Competition: having entered a market in which competitors are firmly entrenched, the firm may decide quite simply to take its lead in pricing from others until it has built up sufficient experience and established a solid reputation on which it can subsequently build.

2.2.2.2.2 Price Setting

Price has a direct and substantial effect on profitability. According to Hinterhuber (2004), managers suffer from some pervasive misconceptions about pricing: that industrial buyers are highly priced sensitive, that pricing is fundamentally a zero-sum game and that firms are generally price takers who must follow the prices set in the market. There is research evidence to show that industrial buyers often regard price as a comparatively unimportant decision criterion (Avila et al., 1993), suggesting that managers may have more considerable discretion than they think when setting the price.

The Three C's of Pricing

According to Collins, H.G. Parsa H.G., (2006), three common approaches to pricing are:

Cost Plus Pricing

Cost-plus pricing is a common approach to pricing in business markets. The price is determined by calculating the average cost of production and then adding on a standard profit markup. A particular danger of cost-plus pricing arises where sales fall below forecast so that profits are lower than expected, which encourages the firm (using cost-plus logic) to increase price in an attempt to capture the desired profit margin.

Cost-plus pricing is suitable in such cases where the nature and extent of competition are unpredictable, when it's not possible to gather information for the product, or it's expensive or when firms are unable to forecast the demand for its product. At the same time, this pricing method does have some shortcomings. This pricing method is naïve since it does not explicitly take into account the elasticity of demand; this method is based on cost and ignores the need for a product, which is an essential variable in pricing.

A particular danger of cost-plus pricing arises where sales fall below forecast so that profits are lower than expected, which encourages the firm (using cost-plus logic) to increase price in an attempt to capture the desired profit margin. (Brennan et al., 2011)

Break-Even Analysis

Break-even analysis is another method of pricing. Break-even analysis is a technique widely used by production management and management accountants. Total variables and fixed costs are compared with the sales revenue to determine the sales volume or point where there is neither profit nor loss.

Customer Pricing

To make a pricing decision consideration of elasticity of demand is crucial. Price elasticity of demand is a measure used in economics to show the responsiveness, of the quantity, demanded of a good or service to a change in its price when nothing but the price changes. To attract customers, a firm might reduce its price, but this will result in dwindling of profit. The responsibility of an active sales organization is to raise customer's willingness to pay a price that better reflects the products actual value (Nagle and Holden, 2012).

Competitor Pricing

This approach can often lead to inappropriate price cutting as a firm seeks to gain market share it also relies on other companies competing for products prices. Here, the company's prices compare the prices of their competitors and thus can directly monitor their competitors and price response to changes occurring in the market. Although price cuts may assist a firm in achieving a short-term sales volume goal, this strategy can be quickly matched by competitors, which initiates a downward spiral of prices. (Nagle and Holden, 1995).

(Porter, 1979), emphasized that one the determinant of a firm's profitability is the competition of the industry in which it operates. Competitive strategy is a firm's relative position within its industry. Positioning determines whether a firm's profitability is above or below the industry average. The fundamental basis of above-average performance, in the long run, is a sustainable competitive advantage. Price positioning strategy takes account of three elements: the price itself, the customer benefits derived from using the product or service, and competitor positioning

The benefit of implementing competitive pricing is that it avoids price competition that can damage the company, but the cons of competitor pricing are that business has to attract a customer in different since the price will not grab the customers interest so this pricing method fails to explain the range of ways to pull customers

2.2.2.2.3 Porter's Generic Competitive Strategy

Porter (1980), emphasizes the need for the strategist to identify a clear and meaningful selling proposition for the organization. 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 against its competitors.

The generic strategy describes how a company pursues competitive advantage across its chosen market scope. The competitive scope defines the firm's target market in its industry, and Competitive advantage grows out of value a firm can create for its buyers that exceed the firm's cost of building it.

Cost Leadership Strategy

Cost leadership means the lowest cost of operation in the industry. A cost leadership strategy aims to exploit the scale of production, well-defined scope, and other economies (e.g., a good purchasing approach), producing highly standardized products, using advanced technology. As cost leadership allows a competitive edge by manipulating production costs. It does this in two critical ways charging lower prices to increase market share and reducing costs to increase profits.

"Cost leadership requires the aggressive construction of efficient-scale facilities, vigorous pursuit of cost reductions from experience, tight cost and overhead control, avoidance of marginal customer accounts, and cost minimization in areas like R&D, service, sales force, advertising, and so on" Porter (1980)

Differentiation Strategy

This strategy is based on providing buyers with something different or unique, that makes the company's product or service distinct from that of its rivals. The fundamental assumption behind a differentiation strategy is that customers are willing to pay a higher price for a product that is distinct (or at least perceived as such) in some important way.

Differentiation may be achieved in some ways like the product may incorporate more innovative design, may be produced using advanced materials or quality processes may be sold and serviced in some unique way, lowering buyers cost. Differentiation strategies offer high profitability when the price premium exceeds the costs of distinguishing the product or service.

Focus Strategy

Focus strategies are assigned to help a firm target a specific niche within an industry. These niches could be a particular buyer group, a narrow segment of a given product line, a geographic or regional market, or a niche with distinctive, special tastes and preference. Focus strategies attempt to pursue low-cost or differentiation concerning a much narrower targeted market niche or product segment.

Criticism of Generic strategy

As the first point of concern, one can think of is parameters of choice when it comes to the general approach, according to Porter's presentation it may look like companies have the option to choose any of the three (Wright, 1987). However, the choice of strategy is much bounded by the size of the firm, access to the resources as well as industry and competitive analysis (Wright, 1987). Porter argues that to be successful, a business should compete based on one strategy; cost leadership, differentiation, or focus.

However, this statement does not have to be accurate, according to some scholars. Wright argues that small firms have a choice of successfully competing only through focus strategy, whereas more extensive firm choice of either cost leadership or differentiation will not suffice and be attractive enough (Wright, 1987). Secondly, Dawes and Sharp argue that Porter's generic strategy schema does not fit the empirical reality, and there is no support that these generic strategies are the route to superior profit (John Dawes, 1996).

Furthermore, critiques have been imposed on Porter's cost leadership theory in terms of heavy reliance on modern equipment to achieve it. Porter states that "heavy up-front capital investment in the state-of-the-art equipment" is required (Porter, 1998). But investing a big fortune in state-of-the-art equipment when one is not clear about its advantage for sure would lead to investing a majority of money in something that may not be profitable at all (Datta, 2009).

As per Macmillan et al. (2000), it became clear over time that in reality there were some shades of grey in the distinction between differentiation and cost, compared to the black and white that is projected in theory. It is challenging for most companies to completely ignore cost, no matter how different their product offering is. Similarly, most companies will not admit that their product is essentially the same as that of others.

2.2.2.3 Promotion Strategy

Helps to increase consumer awareness in terms of their products, leads to higher sales, and helps to build brand loyalty. Thus, the promotion of the marketing mix is a tool that helps disseminate information, encourage the purchase, and affects the purchase decision process. Therefore, the discussion of the promotion mix elements, another important aspect - is to understand the strategy for the promotion, which is made by selecting several ways of supporting and combinations.

2.2.2.3.1 Advertising

Advertising by far the most widely used marketing tool, the core of which consists of a practical, valuable social information associated with the advertising image and is focused on the direct compelling or fascinating hidden, but a useful directional communication with the audience. Advertising help provides information and the promotion of a set of ideas that helps to inform customers about new products and helps to reduce barriers between customers and organizations (Rahnama, Baker, 2013).

2.2.2.3.2 Sponsorship

Sponsorship is the most critical consumer sales promotion tool that includes discounts and promotions, as well as coupons, samples, refunds, bonuses, awards, contests, and product demonstrations, and to say what motivates consumers to buy. This element of the marketing mix, covering decisions and actions provided for groups of people that are informed and encouraged to buy (Pranulis, Pajuodis, Urbonavicius, Virvilaitė, 2012).

2.2.2.3.3 Public Relation

Public relations (PR) support the complex element that helps to maintain good relationships with the public, and the contact points of the classrooms with a positive corporate image of the company, owned by unfavorable rumors, gossip, and incidents. Matola (2009) emphasizes that communication with the public is important for both internal and external communications.

Internal communications, spreading further affect the company employees' opinion about their firm and production because each worker transmits the information for many people with whom he interacts. And, external public relations, helping to shape public opinion by external means, namely: promotion (primarily various events, actions, charitable activities), relationships with influential people, relations with the press, press conferences, contacts with various organizations, fund establishment.

2.2.2.3.4 Direct Marketing

Direct marketing involves direct communication between the client and the manufacturer. Direct marketing features include direct communication, interactivity, traditional direct marketing, taking place in the media. Personal selling, mailbox, the phone, catalog are ways of direct contact.

2.2.2.3.5 Sales Promotion

Sales promotion is one of the most amazing tools that support another marketing effort as advertising to attract consumers (Shimp, 2003). Sales promotion is a short-term strategy to derive demand and also a particular marketing offer which provides more profit than what consumers receive from the sale position of a product and also has a sharper influence on sales (Banerjee, 2009). The variety of sales promotion methods that may be employed are limited only by the creativity of the organization offering the promotion (Ferrell & Hartline, 2008). Well-known techniques include free samples, coupons, rebates, discounts (price-off deals), premiums, bonus packs, loyalty programmes, contests, sweepstakes and the like (Kotler, 2003; Ferrell & Hartline, 2008; Belch & Belch, 2012).

Coupons, discounts, free samples and bonus packs are some of the most effective sales promotion techniques employed by marketers and retailers to increase short-term sales (Gamliel & Herstein, 2011). The major techniques of sales promotions are discussed as follows:

Coupon: is a certificate with a stated value, presented to the retail store for a price reduction on a specific item (Arens, Weigold & Arens, 2011), which is granted immediately at the time of purchase (Lamb, Hair & McDaniel, 2009). Coupons are presented to consumers by direct mail, on the product’s packaging, through the media, direct mail, door-to- door leaflets and at the point of sale (Pickton & Broderick, 2005).

Discount: is a short term price reduction of the regular price of a product (Belch & Belch, 2012) and has several synonyms, namely price-off vouchers (Shimp, 2010), money-off vouchers (Pickton & Broderick, 2005), cents-off vouchers (Semenik, 2002) and price incentives (Du Plessis, Cook, Van Heerden, Van Rooyen, Mulder, Du Plessis, Franck & Muir, 2010). Discounts are appealing to consumers because they provide an immediate reward (Shimp, 2010) and an easily recognised value to the consumer (Belch & Belch, 2012). Discounts can stimulate sales (Pride & Ferrell, 2010), encourage consumers to repurchase or to purchase greater volumes (Shimp, 2010), encourage consumers to switch brands and can persuade price sensitive consumers to buy (Lamb et al., 2009).

Free Sample: is a trial-size version of a product that is given to the consumer at no extra cost (Belch & Belch, 2012) in order to encourage product trial; for example, a small container of body lotion included when purchasing a magazine (Pickton & Broderick, 2005).
Sampling offers credibility, as the consumer can experience the benefits of the product first hand (Ouwersloot & Duncan, 2008). Consumers generally perceive a certain amount of risk in trying new products, and samples help mitigate that risk in that they allow the consumer to try the product prior to purchase (Lamb, Hair, McDaniel, Boshoff, Terblanche, Elliott & Klopper, 2010).

Samples can be distributed through direct mail, door-to- door delivery, on the package of another product, in retail stores or through the media (Bird, Blem, Duckles, Koekemoer, Skinner & Van der Westuizen, 1998). Sampling is beneficial in restoring a declining product and demonstrating a product that is difficult to describe in words alone (Du Plessis et al., 2010).

Sampling is especially effective when the consumer perceives the product to be different from that of competitors (Ouwersloot & Duncan, 2008), or to encourage competitors‟ customers to switch brands (Lamb et al., 2009). Furthermore, sampling can stimulate sales when a product is still in the early stage of the product life cycle (Pride & Ferrell, 2010) or establish a brand within an area with weak market share (Semenik, 2002).

Premiums or bonus packs: are defined as a sales promotion technique offering items, either free or at a small cost, as an incentive for consumers to purchase a product (Pride & Ferrell, 2010). Premiums can include more of the product (multiple units) offered at the regular price, such as buy one and get one free‟, also referred to as, two-for-the-price-of-one (Lamb et al, 2010) packages that include more of the product (Du Plessis et al., 2010), or a bonus pack with a different product (Yeshin, 2006).

Premiums are used to entice consumers to buy immediately (Belch & Belch, 2012), reinforce the consumer‟s purchase decision, induce trial for new or improved products, increase consumption, encourage repeat purchase (Shimp, 2010) and persuade consumers to switch brands (Lamb et al, 2010).

2.2.2.3.5.1 Price Discount

The price discount is "reduce the price for a given quantity or increase the quantity available at the same price, thereby enhancing value and create an economic incentive to purchase" (Raghubir and Corfman, 1995). Short-term discounts have a tendency to attract occasional users of the same brand more likely than getting new customers to purchase the discounted product, moreover, these casual users after getting benefits of this promoted product would most likely get back to their preferable brand or type rather than buying that promoted brand at full price after discount season (Ehrenberg et al., 1994).

2.2.2.3.5.2 Buy One Get One Free

Buy one get one free defined as if you buy one product, you get another one for no cost. Accordingly, customers can be easily attracted to purchase the product because there is no additional cost. Due to this reason, this sales promotion technique is widely used by different marketers (Sinha & Smith, 2000). According to Li, Sun & Wang (2007) Buy one get one free type promotions is a beneficial tool, especially to marketers and manufacturers who want to clear their stock more quickly.

2.2.2.4 Place

Distribution - that helps customers and users to find and keep purchase those products from those manufacturers/providers with them at the time of need. “Uznienė (2011) argues that marketing distribution function is twofold: Distribution perceived as a marketing channel, whose purpose - to make the service become not only more accessible but also easier accessible to a friendly user. Physical distribution, which is attributed to local conditions, technical feasibility, transportation, and other conditions, depending on the nature of the service.

2.2.2.4.1 Marketing Channel Theories

Two theories choose to suit the research and give a better insight. These theories are Game theory and Resource-based theory.

2.2.2.4.1.1 Game Theory

In channels research, decentralized channels tend to result in inefficiencies, and channel partners are responsible for structuring contracts and incentives to repair these inefficiencies (Coughlan, 1985). Game theory in channels research provides a means to understand interactions among potentially adversarial channel entities, but unlike these theories, it explicitly models *potential* strategic actions to predict channel structure, given a set of constraints. The key findings were given constraints; game theorists mathematically deduce channel member strategies that result in one outcome or a set of issues with identified probabilities (i.e., equilibria) (Watson, 2015). Within marketing channels research, a key focus is that decentralized channels result in inefficiencies (i.e., suboptimal profit/utility maximization), and channel partners are responsible for structuring contracts and incentives to repair these inefficiencies.

2.2.2.4.1.2 Resource-Based Theory

This theory argues instead that firms develop, augment, and leverage resources that are valuable, rare, and imperfectly imitable (referred to as VRIO), because they have the organizational capacity to exploit these resources for sustainable competitive advantages (Wernerfelt, 1984). The RBT lends itself to examining marketing channels because firms do not always own the VRIO resources they need to implement a competitive strategy. Access to, acquisition of, and maintenance of these resources depend on the firm‘s boundaries and its strategy for interacting with other channel members.

Porter argues that the resource-based view tries to identify and benefit from those resources that help the organization to develop a competitive advantage with a primary focus on those sources that are being more static and unchanging. It states that on fully utilizing inner resources, a firm can still reach competitiveness. One of the factors that constrain the resource-based view RBV is the assumption of the availability of the various resource. If firms want to achieve sustainable competitive advantage and consequently above-average profits, the resource they employ should be rare, valuable, imitable, and non-substitutable (Phrir, 2016).

2.2.2.4.2 Multichannel Distribution System Model (MDS)

This model occurs when a company employs two or more channels to serve one or more customer segments. This is also called a hybrid marketing channel. The consequences of having multiple channels are the complexity of channel management, control, and cooperation, as well as high chances of channel conflict. Thus, before implementing MDS or adding a channel, companies should carefully plan their channel structures Panda (2009).

The use of multi-channel distribution may be suitable to meet the needs of existing customers in a better way (Tsay and Agrawal, 2004). There are also potential disadvantages with regards to the use of multiple channels. Cost disadvantages can arise due to high investment costs necessary to establish an additional distribution channel, or due to high coordination costs which arise between the channels (Easingwood and Storey, 1996). Further, the producers run the risk that newly established distribution channels are not accepted by the customers, or that customers make only use of new distribution channels (e.g.. direct marketing channels) to inform themselves, but go on using the established channels (e.g., exclusive agents) to purchase the product. This problem is also known as channel cannibalization: instead of increasing turnover and profits, the establishment of additional channels only redirects turnover from one channel to another (Dzienziol et al., 2002)

2.2.2.5 Marketing Strategy and Profitability

The strategy aims to establish a sustainable and profitable against forces that determine industry competition. According to previous researchers, literature has, using one division, focused on three dimensions of marketing performance: 1) effectiveness, the extent to which organizational goals and objectives are achieved (e.g. marketing productivity analysis); 2) efficiency, the relationship between performance outcomes and the inputs required to make them (e.g.

marketing audits); and 3) adaptiveness, the ability of the organization to respond to environmental changes (Walker and Ruekert, 1987; Bonoma and Clark, 1988).

2.2.2.5.1 Managerial Efficiency Theory (Compensatory Theory of Profits)

This theory states that some firms are more efficient than others in terms of management of productive operations and successfully meeting the needs of the consumer. Firms with an average level of efficiency earn an average rate of return. Firms with higher managerial skill and production efficiency are required to be compensated by above-average profit (i.e., economic profits).

2.2.2.5.2 Innovation Theory of Profit

Schumpeter (1934) theory explains that economic profits arise because of successful innovation introduced by entrepreneurs. The primary function of entrepreneurs is to introduce innovation in economic and profits are rewards for performing this action. Innovation, as used by Schumpeter, has a broad connotation. Any new measure or policy adopted by an entrepreneur to reduce the cost of production (by introducing new machinery, new and cheaper technique or process of production etc.) or to increase the demand for his/her product (a new variety or design of the product, unique and superior method of advertisement, discovery of new markets, etc) is innovation.

This theory concentrates only on innovation for occurring profits. But there are so many factors which may also influence profit in addition to innovation. So this theory failed to provide a comprehensive explanation for profit.

2.3 Empirical Review

Hardesty and Leff (2010) conducted detailed case studies of three organic farming operations of different sizes and compared their marketing costs and profitability in alternative marketing channels. The researchers classified marketing-related activities into three categories: packing and storage, transportation, and selling and administration. The researchers determined that there are significant variations in marketing costs across marketing channels. For each of three case study farms, marketing costs per dollar of revenue were lowest in the wholesale channel and highest in the farmer's market channel. Significant labor costs for the selling activity and transportation expenses offset the higher prices and minimal packaging costs associated with farmers markets. Profitability can also be significantly affected by marketing factors such as packing and grading standards and product that is used for sampling and consumer premiums.

Kotler & Keller (2006) presented three levels in consumer channels strategy. According to hi, a one – level channel contains one selling intermediary such as a retailer. He found that the growth in retailer size has meant that it becomes economical for producers to supply retailers directly; hence, consumers now have the convenience of viewing and testing the product at the retail outlet. A two-level channel contains two intermediaries, a wholesaler, and a retailer. According to him, channels like this tend to occur where there are influxes of small retailers with limited order quantities; wholesalers can buy in bulk from producers and sell smaller amounts to numerous retailers. He maintained that a three-level channel contains three-intermediary that is sometimes used by companies entering into foreign markets.

Ebitu (2016) did a study on marketing strategies and the performance of the enterprise in Akwa Ibom state Nigeria. The study was motivated by the fact that SME in Akwa Ibom state find themselves in a competitive environment and may not know which marketing strategy is effective in improving their business performance. The study adopted the survey method. Two hundred forty questionnaires were issued to SME in three senatorial districts of the state. The study revealed that there is a significant impact of product quality strategy and relationship and relationship marketing strategy on profitability and increased market share of SMEs in Akwa Ibom.

Kisaka (2012) studied the relationship between marketing strategies and performance of saving and credit society in Mombasa district. The study used a descriptive research design to evaluate the effects of marketing strategies on the performance of SACCO'S. The target population constituted the chief executive office, the marketing manager, and the loan manager. A census population of 84 respondent was considered in this study. The findings of the study revealed a causal relationship between marketing strategy and performance of SACCO's. Most of these organizations pursue strategies like product differentiation, niche marketing as they continue to be perceived the cheapest in the market in terms of cost.

Obaji (2011) on his study effects of channels of distribution in a selected Nigerian manufacturing company as it affects sales of its product. The findings revealed that the involvement of channels of distribution affects sales of product and that consumers prefer to buy from intermediaries than from producer channels. Based on the underlying assumption, the following were recommended for the study; that the channel members should influence several vital decisions such as customer service, delivery, and maintain inventory control and the company should give adequate promotional support to the intermediaries, improve on delivery terms and also evaluate channel members regularly.

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

2.4 Conceptual Framework

The Conceptual framework is a diagrammatic representation of the variables in the study. The structure illustrates the relationship between the dependent and independent variable. The independent variables include product marketing strategy, pricing marketing strategy, Promotion marketing strategy, and place marketing strategy while the dependent variable consists of the profitability of Ontex Ethiopia.

Independent variable **Dependent Variable**

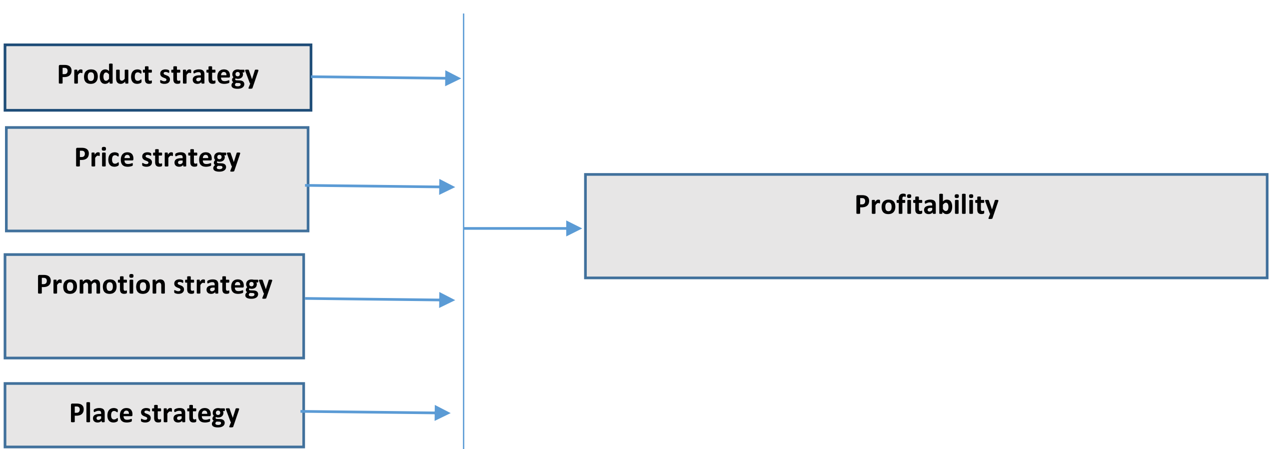

Figure2.3: *Conceptual Framework Source:* Developed by Kisaka, (2012) pp 30

CHAPTER THREE

Research Methodology

3. Introduction

This section of the research provides a detailed overview of how the proposed research will be conducted. The research approach, research design, Population and Sampling Techniques, Data source and types used Data Collection procedures, Data Analysis Approach, Reliability, and validity and finally, ethical issues related to the study are explained and justified.

3.1 Research Approach

Research approaches are plans and procedures for research that span the steps from broad assumptions to detailed methods of data collection, analysis, and interpretation (Creswell, 2009).

Qualitative research is an approach for exploring and understanding the meaning of individuals or groups ascribe to a social or human problem. The process of study involves emerging questions and procedures, data typically collected in the participants setting, data analysis inductively building from particulars to general themes, and the researcher making interpretations of the meaning of the data Creswell (2009). A qualitative approach was used to have a better insight into what customers demand from a product and why the management utilizes such a strategy.

Quantitative research is an approach for testing scientific theories by examining the relationship among variables. These variables, in turn, can be measured, typically on instruments, so that numbered data can be analyzed using statistical procedures Creswell (2009). A quantitative approach was used "as it is suitable to test relationships using hypothesis" (Zikmund. 2003) This survey method will be used to "easily facilitates the collection of data from large group of respondents since it requires minimum investment to develop and administer and is relatively easy for making generalization" (Zikmund, 2003).

According to Creswell (2009), mixed methods research is an approach to an inquiry involving collecting both quantitative and qualitative data, integrating the two forms of data, and using distinct designs that may include philosophical assumptions and theoretical frameworks. The core assumption of this form of inquiry is that the combination of qualitative and quantitative approaches provides a more complete understanding of a research problem than either method alone.

3.2 Research Design

According to Kothari (2004), the research design is a plan, a roadmap and blueprint strategy of investigation conceived to obtain answers to research questions; it is the heart of any study.

According to Burns & Bush (2003), exploratory research is most commonly unstructured, informal research that is undertaken to gain background information about the general nature of the research problem. Accordingly, exploratory research does not have a formalized set of objectives, sample plan, or questionnaire. In contrast to exploratory designs, descriptive research is undertaken to describe answers to questions of who, what, where, when, and how.

This study will be using both explanatory and exploratory research design. Explanatory studies clarify the relationship between two aspects of a situation or phenomena Kumar, (2011). The Explanatory research approach will be chosen to examine the causal relationship (association) between the dependent variable (profitability) and independent variable (marketing mix strategies). Exploratory research was also employed since new information was attained from the interview conducted.

3.3 Data Type and Data Source

According to Malhotra (2005), primary data are originated by the researcher for the specific purpose of addressing the problem at hand. Even if obtaining can be expensive and time-consuming, primary data, being the most significant, were gathered through structured questionnaires. This research will use a primary source of data collected from the survey and interviews.

3.4 Population of the Study

A population consists of all elements (individuals, items, or objects) whose characteristics are being studied (Mann, 1995). Since this research was limited to a particular company, the target population of the study were the top-level managers of Ontex Ethiopia. There are currently nine management positions who collusively craft and customize the marketing strategy of Ontex global to the local market so that it could be suitable to attract customers to Ontex Ethiopia. These are Ontex sales manager, Tracon Sales manager, upcountry sales manager, key account manager, cash and care manager, commercial manager, human resource manager, marketing manager, and project manager.

The other population of interest are the key account customer which comprises of customer who is a whole seller, Drugstores, supermarkets, hypermarkets, mini markets, and cash and carries. All of the critical account customers' possess the company's product and out of all the hygienic disposable products the key account customer is supplying to customers at 50% of the shelf space is the store has to be Ontex Ethiopia product.

3.5 Sampling Procedure

Sampling is a procedure that uses a small number of units of a given population as a basis for concluding the whole populations (Albaum, 1997). The information was gathered through a questionnaire which is developed by another researcher, Odunlami (2013) and modified to this research context.

The study will use two universes of the population, first the employee of Ontex Ethiopia and key account customer. Ontex Ethiopia Employees consists of 150 employees; these are 15 sales and marketing employees, four supervisors, nine managers, 122 depots, and other department employees. All employees have different roles and participation, the employees responsible for crafting the strategy are the nine managers, but other employees are less irrelevant to question in this study. Although the management uses the feedback from the supervisor and sales to continually update the strategies that will be implemented, the sample size selected to be interviewed will be three because all the managers are equally responsible for crafting the strategy.

To determine the sample size of the key account customers (Solvin's 1960 formula is used by assuming a 95 percent confidence level and P (the estimated proportion of an attribute that is present in the population) = 0.05 are assumed as follows:

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

Where,

n = Sample Size

N = Total Population Size; which is 298 key account customers of (2018)

e = The Level of Acceptable; Error with a confidence level of 95%, which is 0.05

n = $298/ (1+298(0.05)^2)$

n = 170.77

From a total population of 298 key account customers, a total of 171 will be selected as a sample.

Sampling Technique

Sampling is a strategy used to select elements from a population. The research conducted used a non-probabilistic convenience sampling technique for the key account customers. Convenience sampling refers to "The sampling procedure of obtaining those people or units that are most conveniently available." This approach enables to obtain a large number of completed questionnaires quickly and economically (Zikmund, 2003).

In drawing the samples, non-probability convenience sampling method will be used to conveniently select any three of the managers out nine and 171 key account customers out of 298.

Convenience sampling method was used since all customers are located in different areas of the city and it would be very time consuming to find, group and collect samples since the organization does not have a database of its customers.

3.6 Data Gathering Instrument

According to (Catherine, 2007), data may be collected as either primary or secondary. In this study, only primary sources of data will be used to manage the needed information from the sources. According to Malhotra (2007), primary data are originated by the researcher for the specific purpose of addressing the problem at hand. The primary data will be collected through administrating questionnaire from crucial account customers of Ontex Ethiopia, to see how effective the marketing strategy is on customers.

In quantitative research, data analysis focuses on variables, (i.e., on the characteristics of cases) which are examined with analytical procedures and statistical tools (Corbetta, 2003). According to this, the data analysis of the present study is performed on variables with quantitative statistical tools to produce "causal models," in which variables are connected through causal-effect relationships. The questionnaire will be used to determine to which extent the product, pricing, distribution, and promotion strategy will affect the sales performance of the firm

The survey will be developed, and the variables selected will be from different studies. Kisu (2015), who studied Effect Of Marketing Strategies On The Performance Of Seed Companies in Kenya, tested and that was proved that price, product, place, process, and promotion strategy had a positive and significant effect on sales performance. Aalso Jaakkola M. (2006), on strategic marketing and business performance, indicated that effectively using the marketing strategy has a significant impact on financial performance.

After compilation of the variables from different empirical reviews the researcher will distribute it to relevant academics and after the academics review and hand over the questionnaire, the questionnaire will be updated based on the feedback that is given. The survey will be piloted on a small group, and if any there is any comment and feedback, the questionnaire will be adjusted, and the final questionnaire will be ready for distribution.

A close-ended questionnaire in a 5 point Likert scales will be used to collect data from the sample respondents. The questionnaire will have a 5 rating scales ranging from 1= strongly disagree, 2=disagree, 3=neutral, 4=agree, and 5=strongly agree. Data gathered through questionnaires will be simple and clear to analyses, and it will allow for the tabulation of responses and quantitatively analyzes certain factors. Furthermore, it is time efficient for both the respondents and the researcher.

Qualitative research with an in-depth semi-structured interview and an inductive approach was implemented to interview the managers to have a better insight into the marketing strategies that are used and why those specific strategies are selected. Qualitative data analysis is chosen because it’s difficult understanding why certain strategies are implemented through a questionnaire. The interview of the manager will be on the availability and convince.

3.7 Data Analysis Technique

Data analysis consists of examining, categorizing, tabulating, or otherwise recombining the evidence to address the initial propositions of a study (Malhotra et al., 2007). The data collected will be edited, coded, tabulated, and presented for analysis. To meet the research objectives of this study, all correct responses will assess using a variety of statistical techniques.

The analysis had been performed by using SPSS software Version 20. In this study, both descriptive and inferential statistical methods will be used. According to (Hair et al. 1998), descriptive research sets out to describe and to interpret what is. It aimed to depict the state of affairs as it exists and to describe some aspect of a phenomenon, i.e., the status of a given phenomenon. Descriptive statistics (percentage mean, mode, and median) will be used mainly to organize and summarize the demographic data of the respondent.

According to (Hair et al. 1998), multiple regression analysis is a statistical technique used to investigate the relationships between a dependent variable and two or more independent variables. Multiple regression analysis is an analytical technique that allows researchers to predict someone's score on one variable based on their ratings on several other variables (Julie, 2005).

Regression analysis was used to see how much the independent variable; product, price, promotion, and place influences the dependent variable companies' profitability. And correlation analysis was also conducted to measure the strength of the association between marketing mix strategy and organizational profitability.

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e$$

Y represents the dependent variable organizational profitability

X contains the set of explanatory variables in the estimation model,

β_0 represents the constant, β represents the coefficients and e is the error term.

The model of the study will be:

$PRF = (\beta_0 + \beta_1 (PDT) + \beta_2 (PRC) + \beta_3 (PRO) + \beta_4 (PLC) + e$ ----------------------------- (1))

Where: PRF = Profitability,

PDT = Product,

PRI = Price,

PRO = Promotion

PLC = Place

3.7.1 Reliability

Reliability, according to (Cavana, Delahave, and Sekaran, 2000), reliability is the degree to which measure is free from error and therefore, yield consistent results. All the constructs had tested for the consistency reliability of the items within the constructs by using Cronbach"s alpha reliability analysis. 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). According to (Sekaran, 2003), the closer the reliability coefficient gets to 1.0, the better it is, and those values over 0.80 are considered as good. Those values in the 0.70 are considered as acceptable and that reliability value less than .60 is considered being poor (Sekaran, 2003).

Cronbach Alpha

Reliability Statistics	
Cronbach's Alpha	N of Items
.851	27

Table 1 Reliability Statistics
Source: (Survey data, 2019)

Case Processing Summary

		N	**%**
Cases	Valid	181	100.0
	Excluded[a]	0	.0
	Total	181	100.0

Table 2 Case Processing Summary
Source: (Survey data, 2019)

This illustrates that all items and variables were reliable as their reliability values exceed the prescribed threshold of 0.7.

3.7.2 Validity

Validity is concerned with whether the findings are really about what they appear to be about. Kazi (2010), defined the validity as "the degree to which a measure accurately represents what it is supposed t." Validity is concerned with how well the concept is determined by the measure(s). 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). The questions had been derived from relevant literature to ensure the validity of the questionnaire. The questioners had been adopted from previous research works that are related to this research.

3.8 Ethical Consideration

In the context of research, ethics is defined as the appropriateness of the researcher's behavior about the rights of the participants or subjects of the research work (Saunders, Lewis, & Thornhill, 2009). The general rules of research ethics will govern this study in such a way that a formal letter has been submitted to Ontex Ethiopia and key account customers to prove the legitimacy of the review written from Addis Ababa University School of Commerce. Any respondent had not been push to answer the question that they are not comfortable with, and there response has been confidentiality kept throughout the study.

Chapter Four

4 Data Analysis Interpretation and Discussion

This chapter discusses the interpretation and presentation of findings obtained from the field. Data were collected to examine the relationship between organizational profitability and marketing mix strategy. This chapter presents the background information of the respondents and finding of the analysis based on the objective of the study.

The research was conducted using a close-ended questionnaire with a 5 point Likert scales. The survey had 5 rating scales ranging from 1= strongly disagree, 2=disagree, 3=neutral, 4=agree, and 5=strongly agree

4.1 Response rate

Questionnaires Administered	Questionnaires filled and returned	Percentage
200	181	90.5%

Table 3 Response Rate
Source: (Survey Data, 2019)

According to Mugenda (2003), a response rate of 50% is adequate for analysis and reporting; a rate of 60% is a good, and a response rate of 70% and over is excellent. Based on the assertion, the response rate is excellent.

4.2 Profile of Respondents

The study sought to determine the gender category of the respondent; this was done to ensure that if gender is equitably engaged in this research.

		Frequency	Percent	Cumulative Percent
Valid	Male	112	61.9	61.9
	Female	69	38.1	100.0
	Total	181	100.0	

Table 4 Gender of Respondents
Source: (Survey data, 2019)

The results obtained from the study demonstrates that (61.9%) of Ontex Ethiopia's product distributors were headed by male and (38.1%) were headed by females. This implies that the distributor for Canbabe products is commonly dominated by male.

		Frequency	Percent	Cumulative Percent
Valid	Under 20 years old	6	3.3	3.3
	21-30 Years old	100	55.2	58.6
	31-40 Years old	60	33.1	91.7
	41-50 Years old	14	7.7	99.4
	51-60 Years old	1	.6	100.0
	Total	181	100.0	

Table 5 Age Respondents
Source: (Survey data, 2019)

The results obtained portrays that 55.2% of the key account distributors range from the age of (21-30), this age range accounts for the majority of the respondents while the age group from 31-40 years old accounts 33.1% while 41-50 years old account for 7.7% and the eldest respondents account for 6% while the youngest which are of age 20 and under consideration for only 3%. This implies that the younger generation is engaged in distributing and retailing the product for Canbebe and that there is a higher potential working with this class of age to enhance the line of distribution for the company further.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Primary education	24	13.3	13.3	13.3
	Secondary Education	53	29.3	29.3	42.5
	Bachelor Degree	91	50.3	50.3	92.8
	Master's Degree	13	7.2	7.2	100.0
	Total	181	100.0	100.0	

Table 6 Education Respondents
Source: (Survey data, 2019)

The results obtained shows that 13.3% of the respondents have only completed primary level of education while 29 .3% have completed secondary school meanwhile 50% of the respondents have a Bachelor degree and the remaining 7% has a Masters. The questionnaire acquired from respondents was 18; this accounts for 104 pharmacies and 77 shops. Holders of a bachelor degree account for more than half of respondents this implies that the organization is very well interested in working with Pharmacies. Since they are legal, easily accessible to customers, can quickly pursue customers in marketing terms because they have acquired a higher level of learning and that they will easily cope up with the marketing mix strategies that the organization is crafting.

		Frequency	Percent	Cumulative Percent
Valid	Less than one year	15	8.3	8.3
	2-5 Years	85	47.0	55.2
	5-9 Years	60	33.1	88.4
	Over 10 years	21	11.6	100.0
	Total	181	100.0	

Table 7 Period which business has been in operation
Source: (Survey data, 2019)

The results obtained show that (8.3%) had been in operation for less than a year, (47%) of the respondents has been in operation for a period of 2-5 years while (33%) of the respondents have been in operating for a period of 5-9 years whereas (11.6%) has been in operation for over 10 years. This implies that most of the business has been in operation for a considerable amount of time, indicating that they were able to provide credible information.

		Frequency	Percent	Cumulative Percent
Valid	Sole proprietor	114	63.0	63.0
	Partner	51	28.2	91.2
	Company	16	8.8	100.0
	Total	181	100.0	

Table 8 Type of business ownership
Source: (Survey data, 2019)

The results obtained display that (63%) of the firms were registered under sole proprietor, (28.2%) were recorded under partnership while the remaining 8.8% was registered under the company. This implies the majority of the businesses operating in distribution of can be products are privately owned by individuals

4.3Marketing Mix Strategy and Organizational Profitability

4.3.1Product Development Strategy

This segment investigates some of the product development strategy adopted by Ontex Ethiopia. The result sought to establish the extent to which the respondent agreed with the following statements relating to the product development strategies.

Statements	N	Mean	Std. Deviation
Your organization provides a broad line of Canbeb products	181	3.8343	.92204
The brand name influences organizational profitability	181	3.9116	.78381
The products are efficient in meeting customer wants	181	3.6740	.69028
Customers complain about the quality of the product	181	2.2044	1.03665
In your opinion, the product quality is very good	181	3.7680	.74630
The package of the product is effective and attractive	181	3.8453	.83556
Valid N (listwise)	181		

Table 9 Product Development Strategies
Source: (Survey data, 2019)

The results obtained from the study portrays that majority of the respondents agreed that Ontex Ethiopia provides a broad product line since the organization offers diaper for children with different age group and weight range. The brand name influences the profitability of the organization (mean=3.91). The products are efficient in meeting customer wants (mean =3.67) in your opinion the product quality is very good (mean=3.76) the packaging of the product is effective and attractive (mean=3.85). These results imply that the product is indeed efficient in meeting customer’s wants. Customers complain about the quality of the product (mean=2.2) the result implies that there is a low level of complain about the product by the customers to the distributors.

	N	Minimum	Maximum	Mean	Std. Deviation
Product development	181	3.00	5.00	3.8785	.67217
Valid N (listwise)	181				

Table 10 Descriptive Statistics of product
Source: (Survey data, 2019)

The results obtained from assessing the product attribute displays that the product overall meets the expectation of customers and lacks complain of quality. According to Doyle (2009), the power of product development had helped companies endure competitiveness.

4.3.2 Pricing Strategy

The research sought to establish the extent to which respondents agreed with the following statement relating to pricing strategy.

Strategies	N	Mean	Std. Deviation
Price of the products are appropriate	181	3.0773	.96873
Price decision allows discount	181	2.5967	1.03698
Pricing given by the company allows competition among other enterprises	181	2.9558	.94177
The pricing gives room for large customer base(affordability)	181	2.9006	.97812
The pricing company provides you with credit terms	181	2.4972	1.28938
Prices are high compared to product quality	181	3.1657	.97476
Valid N (listwise)	181		

Table 11 Product Pricing Strategies
Source: (Survey data, 2019)

The results obtained from the survey show that the price of the product is appropriate (mean=3.07) and the pricing gives room for large customer base (affordability) (mean=2.98) this result implies that the key account customers believe that the price of the product is indeed high and amount is not appropriate unless the purchase is made by a more senior and middle-class parents.

Price decision allows discount (mean=2.59), and the company gives the pricing provides competition among other enterprises (mean=2.95). This result implies that company offers its clients with fixed prices, it provides all drug stores with the same price and all mini markets with the same amount to avoid favoritism and to encourage healthy competition among each retailer, but the amount given to the drug store differs from the prices offered to the mini markets. Currently, the organization wants to expand its territory, so they provide drug stores at a lower price.

The pricing company provides you with credit terms (mean 2.49) this result implies that Ontex Ethiopia is very selective when it comes to providing its customers with credit terms. The organization gives to credit to customers credible, customers who order products in bulk quantity and have well-distinguished name and brands such as Shoa and Safeway supermarket and Gishen pharmacy.

Prices are high compared to product quality (mean=3.16) the result implies that it's a high-end quality, but the cost incurred for a product used for the sanitary purpose is high for the society since most Ethiopians leave on a low income.

4.3.3 Promotion strategy

The research sought to establish the extent to which respondents agreed with the following statement relating to pricing strategy.

	N	Mean	Std. Deviation
People know the product based on the promotion	181	4.1994	.94894
Ontex Advertises its products through various media	181	3.9945	.99162
Ontex produces new products in design and style	181	2.9834	.92180
Your organization applies for sales promotion as one of the promotional strategies	181	2.9834	1.43556
Your promotional strategy influences the profitability positively	181	3.3260	1.29479
Valid N (listwise)	181		

Table 12 Product Promotion Strategy
Source: (Survey data, 2019)

From the study results, the majority of the respondents agreed that people know the product based on promotion (mean=4.1) this implies that the company uses an intensive promotion strategy to upturn mindfulness of the product for customers. Ontex Advertises its merchandise through various media (means=3.99) this result suggests that Ontex uses different media channels such as radio and Television advertisement with a celebrity endorsing for better awareness of the existence of the product.

Ontex produces new products in design and style (mean=2.98) your organization applies for sales promotion as one of the promotional strategy (mean=2.98), the former implies that the organization does not frequently change the design and style of the product but changes the packaging in long intervals. The latter means that it organization gives promotional products only for its crucial account customers who order the product in bulk quantity.

Your promotional strategy influences the profitability positively (mean=3.32); this implies that the majority of distributors are neutral or unsure of how much the promotion of the product directly affects their profitability. But the remaining minority state that Ontex provides a different alternative or variety for customers who want to buy the product in bulk, (i.e., providing a bonus pack of wipes for customers who purchase two packs of the product).

4.4.4 Place Strategy

The research sought to establish the extent to which respondents agreed with the following statement relating to pricing strategy.

	N	**Mean**	**Std. Deviation**
Ontex has a reliable channel of distribution for their products	181	3.4530	.96278
The place strategy of Ontex strives to gain market share	181	3.4475	.87162
There is a continuous supply of the product	181	3.2983	.98288
The organization provides you with delivery	181	3.5912	1.10490
Valid N (listwise)	181		

Table 13 Place Strategy
Source: (Survey data, 2019)

Ontex has a reliable channel of distribution for its products (mean=3.45), the place strategy of Ontex strives to gain market share (mean=3.44), and there is a continuous supply of the product (mean=3.29). The organization provides you with delivery (mean=3.59); the results imply that the products are easily accessible to customers, but there some are failures when it comes to channel coverage. This was bound to happen because distributors such as mini markets do not get delivery of the product. Instead, they buy from other retailers from Merkato, but most drug stores are provided with delivery. Thus a different or neutral result occurs since some are supplied with delivery and some are not.

4.4.5 Profitability

The study further sought to determine the extent to which the business profitability has grown in the following areas due to the adoption of marketing strategies.

	N	Mean	Std. Deviation
Profitability	181	3.3149	1.17154
Valid N (listwise)	181		

Table 14 Extent to which strategies influence the Profitability of Ontex Ethiopia
Source: (Survey data, 2019)

The result indicates that there is a moderate increase in profitability (mean=3.31) of crucial account customers by providing the product of Ontex Ethiopia. Further details will we be discussed in the remaining section of regression analysis.

4.4 Relationship between Marketing Mix Strategy and Organizational Profitability

4.4.1 Pearson Correlation Analysis

The study conducted a Pearson correlation analysis to measure the strength of linear association between two variables. Correlations are perhaps the most basic and most useful measure of association between two or more variables (Marczyk, Dematteo & Festinger, 2005). It helps in determining the strength of association in the model that is, which variable best explains the relationship between the marketing strategy and organizational profitability of Ontex Ethiopia.

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Correlations

		Product Attribute	Pricing	Promotion	Place	Profitability
Product Attribute	Pearson Correlation	1	.342**	.058	.102	.253**
	Sig. (2-tailed)		.000	.438	.172	.001
	N	181	181	181	181	181
Pricing	Pearson Correlation	.342**	1	.154*	-.091	.298**
	Sig. (2-tailed)	.000		.038	.225	.000
	N	181	181	181	181	181
Promotion	Pearson Correlation	.058	.154*	1	-.045	.225**
	Sig. (2-tailed)	.438	.038		.543	.002
	N	181	181	181	181	181
Place	Pearson Correlation	.102	-.091	-.045	1	.018
	Sig. (2-tailed)	.172	.225	.543		.810
	N	181	181	181	181	181
Profitability	Pearson Correlation	.253**	.298**	.225**	.018	1
	Sig. (2-tailed)	.001	.000	.002	.810	
	N	181	181	181	181	181

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

*. Correlation is significant at the 0.05 level (2-tailed).

Table 15 Correlation Source: (Survey data, 2019)

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

On the correlation of the study variable the researcher conducted a pearson correlation. From the study findings show that there is a positive correlation between organizational profitability and product attribute strategy as shown by the correlation factor 0.253 at 0.001 level of confidence. The study also found a positive correlation between pricing strategy and organizational profitability as shown by the correlation coefficient 0.298 this was also found to be statistically significant at 0.000 confidence level.

The study has found that there is a positive correlation between organizational profitability and promotional strategy as shown by the correlation factor 0.225 at 0.002 confidence level. The study has found that there is a positive correlation between organizational profitability and place strategy as shown by the correlation factor 0.18 at 0.810 confidence level this found to be statistically insignificant so we do not reject the null hypothesis the reason for such result can occur since the organizations lacks control in distribution of its products rather there are different signed partners who are responsible for the distribution of the product to a diverse territory.

4.4.2 Normality Test

	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	***df***	***Sig.***	***Statistic***	***df***	***Sig.***
Profitability	.196	181	.000	.908	181	.000

Table 16 Tests of Normality
Source: (Survey data, 2019)

Normality tests are used to determine if a data set is well-modeled by a normal distribution. Here two tests for normality are run. For dataset small than 2000 elements, we use the Shapiro-Wilk tests; otherwise, the Kolmogorov-Smirnov test is used. Since this research has only 181 elements, the Shapiro-Wilk test was used. The normality table 5 indicates that distribution of the sample observation is symmetric about its mean. The Shapiro-Wilk statistic has a p-value of 0.000 implies that the p-value for the Shapiro-Wilk test is less than 0.05 which indicates that the data is normally distributed.

A Shapiro-Wilk test($p>0.05$) and a visual inspection of their histogram, normal Q-Q plots showed that the organizational profitability is approximately normally distributed for all marketing mix strategies

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4.4.3 Multi-collinarity test

According to Brooks (2008), Multicollinearity will occur when some or all of the independent variables are highly correlated with one another According Burns and Bush (2003), the VIF is a single number, and a rule of thumb is that as long as the VIF is less than 10, multi-collinearity is not a concern. With a VIF of greater than 10 associated with any independent variable in the multiple regression equation, it is prudent to remove that variable from consideration or to otherwise reconstitute the set of independent variables The multi collinearity below indicates that the value of VIF of all independent variables is less than 10, so multi-collinearity is not a concern and therefore multiple regression findings holds true.

Model		Collinearity Statistics	
		Tolerance	VIF
1	Promotion	.975	1.026
	Place	.971	1.030
	Pricing	.851	1.175
	Product	.865	1.156

Table 17 Multicollinearity test of independent Variables Coefficients
Source: (Survey data, 2019)

4.5 Regression

Regression analysis was used to see how much the independent variable; product, price, promotion, and place influences the dependent variable organizational profitability of Ontex Ethiopia.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.825[a]	.680	.678	0.288

Table 18 Regression Analysis Model Summary
Source: (Survey data, 2019)

a. Predictors: (Constant), Place, Pricing, Product, Promotion

The regression model presents how much of the variance in the measure of organizations profitability is explained by the underlying factors of marketing mix strategies (the model). The R-squared of this model is 0.68 , which means that 68.0% of the total variation of organizations profitability at Ontex Ethiopia is explained by the total variation of marketing mix strategies such as product attribute, pricing, promotion, and place. Although, the remaining 32% of the change is explained by other factors which are not included in this study model.

Model		Sum of Squares	df	Mean Square	F	Sig.
1	**Regression**	36.588	4	9.147	7.649	.000[b]
	Residual	210.462	176	1.196		
	Total	247.050	180			

Table 19 Regression analysis ANOVAa
Source: (Survey data, 2019)

The ANOVA table shows the overall significance/acceptability of the model from a statistical perspective. As the significance value of F statistics shows a value of 7.649 and p-value (.000), which is less than p<0.05, the model is significant. This indicates that the variation explained by the model is not due to chance.

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	**(Constant)**	-.296	.767		-1.376	.700
	Product Attribute	.290	.130	.166	2.222	.003
	Pricing	.285	.100	.215	2.299	.005
	Promotion	.322	.124	.183	.807	.001
	Place	.039	.095	.029	5.341	.683

Table 20 Regression Analysis Coefficients
Source: (Survey data, 2019)

According to the regression equation established, taking all the four marketing mix strategies as constant, profitability of the case company will be -0.269. The data findings analyzed also shows that taking all other independent variables at zero, a unit increase in product strategy will lead to a 29 % increase in organizational profitability of the case of company. A unit increase in price strategy will lead to a 28.5% increase in the company profitability; a unit increase in promotion strategy will lead to a 32.2% increase in profitability performance of the company and a unit increase in place strategy will lead to a 3.94% increase in profitability of the case company.

$$\hat{Y} = -0.296 + 0.29\ X1 + 0.286\ X2 + 0.322x3 + 0.0394\ X4 + e$$

4.6 Hypothesis Testing

Hypothesis 1: product strategy has a significant and positive effect on Organizational profitability

Ho1: Product strategy will not have a significant and positive effect on organizational Profitability

Ha2: Product strategy will have a significant and positive effect on organizational profitability.

As per the results of the linear regression presented in table 4.18 illustrate, there is a strong positive and significant relationship between product and organizational profitability with a 0.28, at 95% confidence level. From this, the researcher concluded that the alternative hypothesis that product will have a significant and positive effect on organizational profitability is supported by the data set and the null hypothesis is rejected or not backed by the data set. (Ezekiel tom, 2016) suggested that product strategy is a major determinant of organizational profitability.

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

Ho1: Pricing strategy will not have a significant and positive effect on organizational profitability.

Ha2: Pricing strategy will have a significant and positive effect on organizational profitability.

As per the result of the linear regression presented in table 4.18 illustrate, there is a strong positive and significant relationship between pricing strategy and organizational profitability with a value of 0.206, at 95% confidence level. From this, the researcher concluded that the alternative hypothesis that Pricing strategy will have a significant and positive effect on organizational profitability is supported by the data set and the null hypothesis is rejected or not backed by the data set.

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

Ho1: Promotion strategy will not have a significant and positive effect on organizational profitability.

Ha2: Promotion strategy will have a significant and positive effect on organizational profitability.

The as per the result of the linear regression presented in table 4.18 illustrate there is a positive and significant relationship between promotion strategy and organizational profitability with a value of 0.076, at 95% confidence level. From this, the researcher concludes that the alternative hypothesis that promotion strategy will have a significant and positive effect on organizational profitability is supported by the data set and the null hypothesis is rejected or not supported by the data set.

Hypothesis 4: Place Strategy Has a Significant and Positive Influence on organizational profitability.

Ho1: place strategy will not have a significant and positive effect on organizational profitability.

Ha2: place strategy will have a significant and positive effect on organizational profitability.

As per the result of the linear regression presented in table 4.18 illustrate, there is a strong positive and significant relationship between place strategy and organizational profitability with a value of 0.394, at 95% confidence level. From this, the researcher concluded that the alternative hypothesis that place strategy will have a significant and positive effect on organizational profitability is supported by the data set and the null hypothesis is rejected or not backed by the data set.

Qualitative Data Analysis

In this segment of the study the reseacher has used an interview as an instrument to get a better insight of how and why the organization Ontex Ethiopia is implementing such marketing mixes. A qualitative approach has been used to have a better insight into what customers demand from a product and why the management utilizes such a strategy.

For the study, the interviewed manager was the project manager/sales manager. A total of ten questions have be asked in the interview and all were answered in a very detailed manner.

1. What sorts of strategy does your company apply to attract target customers?

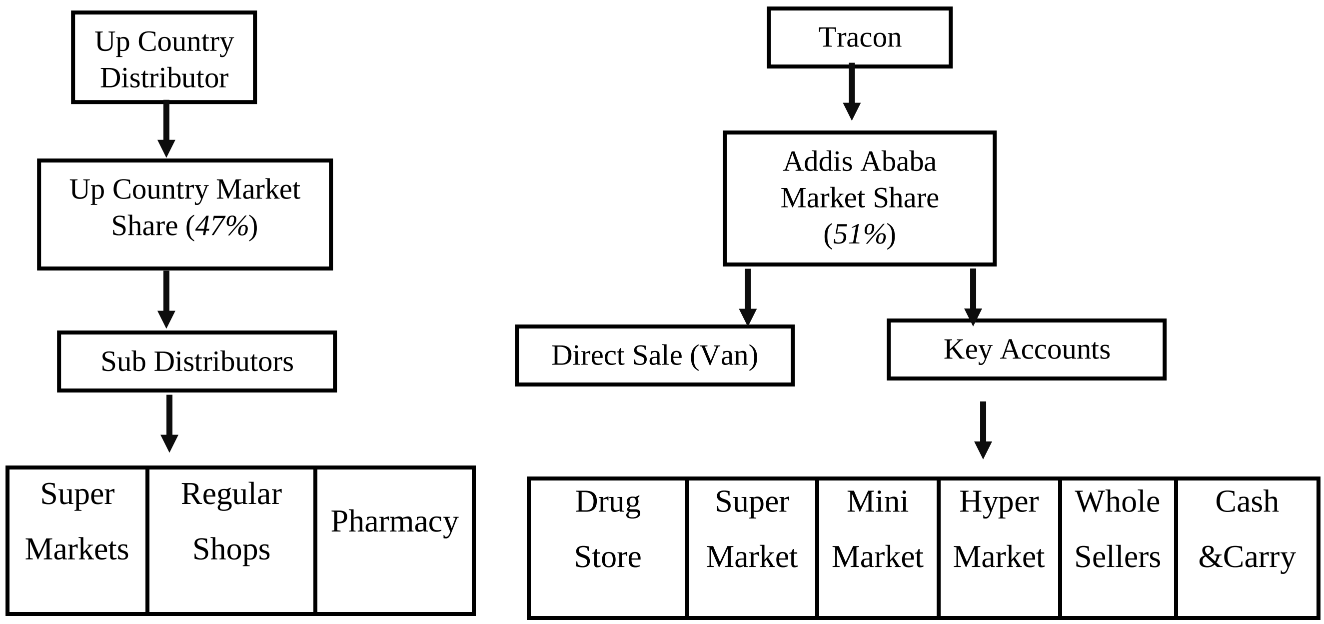
For the last five months since the beginning of 2019 our strategy for reaching target customers, it was channel based mostly focusing on our key accounts such as mini markets, hypermarkets, and drug stores but now we have completely changed and are starting a new strategy which is territory based. So we have shifted from channel based to territory or region based. The channel strategy could not be fully applicable because the key account customers are not many considering the amount of product that is produced every day from the factory. The territory based strategy is a better fit for the organization, so instead of having a key account manager, we have an area manager this, in turn, helps us reach a larger group.

Secondly, we have two teams the sales team and marketing team. Sales team mostly focuses on sales execution; this is to ensure the availability of products for customers. The marketing teams are subdivided into two; these are called direct marketing or above the line (ATL) and trade marketing or below the line (BTL). At ATL its media based and it's more of promoting the product at a corporate level (TV ads, radio ads, sponsorships, banners, etc.). In the BTL, advertising is going to target a specific group of potential consumers. For this strategy, Ontex gives a quarterly discount such as buy ten and get one free. Ontex has also started what is called a drawing month (give way) so when a customer buys the product they get a coupon and at the end of two months your coupon with contending at national lottery to get a prize, the prize theme could be kitchen accessories such as fridges and ovens but the themes continuously change.

Ontex intends to measure the effect of pre and post effects of BTL to continuously increase and comprehend what triggers customers to buy the product. So the sales team is also responsible for checking and ensuring availability, visibility, and merchandizing meaning the product has to be displayed in the assortment wanted by the company since product purchase is a moment of choice customers might be reminded or might wish to the product when it's visible and in sight.

2) What are the distribution channels that exist while marketing the product?

There are two distribution channels, for distributing products in Addis Ababa where Ontex has partnered up with Tracon. Tracon is responsible for purchasing the product from Ontex and distributing it to minimarkets, supermarkets, drug stores, and wholesalers.



Source: (Survey, 2019)

Canbebe had a challenge in distribution when the product was first introduced in Ethiopia. Ethiopian rule governs that a foreign company couldn't distribute products in Ethiopia, so they had distributors for their products. But currently Ontex built a factory in Hawassa, so they are provided with an Ethiopian license; this paved a way to partner up with a company called Tracon to ease the distribution. The company uses a different approach to distribute products like:

- **Van Sales (Direct Sales):** are Ontex's distributors that go around town to supply the products to mini markets, drug stores, supermarkets, and whole sellers. There are seven districts in Addis Ababa, and they use one car each district.
- **Sub-Distributor:** Ontex habits a unique distribution channel, which is known as a sub-distributor concept. This is implemented to use existing capital. Ontex has 19 sub-distributors in Ethiopia in areas like Mekelle, Shire, Adama, Shashemene, Hawassa and in all major cities. Ontex supplies the sub-distributor with their products then assigns them to different geographical areas and gives out different types of incentives like covering transportation cost, giving credit and discount to reach vast areas of the Ethiopian market.

- **Key Accounts or Presale Accounts:** are customers from the hypermarkets like Shoa, Safeway, and friendship. Their order is generated two days in advance after receiving the order; merchandisers will visit to supply the products and arrange the shelf according to Ontex protocol after these process merchandisers will collect the order bring it to Ontex bureau to process the payment through credit attachments. The price is relatively expensive than other distribution channels because they receive products upon credit.
- **Cash and Carry(C&C):** is another distribution channel developed to allow areas where they don't have sub-distributors. They use mega stores like Besa best, to reach different parts of Ethiopia; they use this channel by giving them a relatively lower price than the others.
- **Whole Sellers:** The whole sellers for Canbebe are located in Merkato. There are only seven cars available for the distribution of the products in Addis Ababa, but there are over 15,000 shops, so they use this strategic way to reach the shops throughout Addis Ababa by selling in Merkato.

In Addis, Ababa Ontex has recently created two new channels. These are the distribution to baby shops and pharmacies. Previously pharmacies were supplied through direct sales or van sales so they couldn't compete with regular shops because regular shops had 76% margin and pharmacies had 20% margins so they developed a special price for them where they can compete in the market.

3) What type of promotional strategy is used by the company to boost sales?

The type of strategies implemented are classified into two direct marketing and trade marketing. In marketing, the company focuses on building the brand itself by advertising the product in different sources of media. These are kana television, radio broadcasting, and various web pages like Facebook and Instagram. Trade marketing is used to increase demand with supply chain partners such as a whole seller, retailer, and distributor level than at the consumer level.

Different types of strategies are used to attract both customers and supply chain partners. The strategies are as follow:

Hospital Sampling: is used to attract new mothers to become loyal customers of the brand. This is done by visiting the mother at the time of maternity in the hospital and giving the mothers different promotional items like a handbook on how to take care of infants as well as diaper gifts and tutorial on how to change the baby's diaper. Even though this procedure is very costly and time-consuming, it is believed to leads to brand loyalty.

Target Achievement Rewards (TAR): this strategy is mainly used for the whole sellers, which are primarily located in Merkato. A target is given to the whole seller's monthly, and if they achieve the target, there will be a 10birr discount from every box purchased. Ten birrs might sound insignificant, but annually it's estimated to reach 50,000 to 60,000 birr.

Key Account Activation: this strategy is used to increase sales volume for key accounts (hypermarkets) in particular. Key account activation is a game hosted by celebrities in a hyper or supermarkets like Shoa; the game is a fortune while which has eight sections then the customer spins the wheel and the part the arrow or trigger stops will be the Prize of the customer. The prize consists of key chains, umbrella, bottle opener, diaper, wipers, flash drives and clocks branded with Canbebe.

Five to One: this strategy is implemented mostly in key accounts. It's a promotion stating buy five and get one free.

Panel Test and Qualitative Research: once a year, around four hundred mothers will be gathered, and the marketing team asks them to select among the variety of posters and ideas. The marketing team tries to get feedback on what they would like to hear when the product is advertised, what the products should look like, and what they demand from the product (is it to be comfortable, long-lasting or fragrance-free).

Penetration: only 2% of the population is using diapers, so there is a vast area for growth in the market. This vast area will be utilized by giving training to new mothers on how to use diapers.

Ontex also participates in Non-governmental organizations (NGO) and gives away promotional products to ones who can't afford to purchase the product.

4) How do you intend to increase the profitability of your company by using the marketing mix strategies?

Product strategy comes first if we don't have the product we can't work on anything so as much as possible we exhaustively work on the product. Canbebe is made out of fourteen components, which makes the product unique in a sense odorless, long-lasting, rush free, comfortable, and correspondingly by making the packaging attractive. Secondly, Ontex is more considerate to the place strategy, and the strategy is what we have stated in the above segment. Thirdly, price is determined based on the priority and volume. The whole sellers are the once that receive the lowest price out of all because of their bulk purchase. Prices are relatively higher in upcountry (regional parts of Ethiopia) because they use distributors to deliver the product and to regulate the amount. The company pays for the transportation cost, so there is only about a 2% difference in price compared to Addis Ababa. There is an intentional 2% difference in price because if the price is much higher in upcountry customers would buy the products directly from the whole sellers at Merkato.

The company highly regulates price. Ontex gives different incentives to whole sellers those who sales Canbebe products like paying rent and also giving them 3% to 4% margin. Their prices are controlled by having a surprise visit and mystery shopping. Mystery shopping is when someone from the company approaches the whole sellers to buy the products, and that person comes back with an invoice of the purchase to the company. The company then determines if the whole seller is loyal or not and at what price the product can be sold in the market. Lately, there is a promotion, and we have mentioned that in the above segment.

5. Which strategy is intensively used by the organization?

We are very much focused on the distribution strategy rather than the other strategy. We are currently trying to establish a proper route to market (RTM). When we say RTM, it means determining the company sales volume, our ability to deliver the appropriate levels of customer service cost-effectively, and the success at securing limited retail shelf space for their products. Furthermore, we try to maximize operational efficiency if it is not monitored; the sum up cost effect will tend to decline the profit. Ontex attempts to increase the operational efficiency by partnering up with Tracon and other sub-distributors to extend territory base.

6. How do you plan to combat the competitors who import a hygienic disposable product that has a price cheaper than your organization?

Currently, Ontex is not combating anyone because there is no company we see as a threat. If the quality of the product is not compromised and if there is no significant change in price there is no reason for our customers to jump shift from our product since the product we provide is seen as a necessity. So far since the plant in Hawassa started manufacturing we have not encountered any quality issues, but we have experienced quality issues when we have imported the product from Turkey, but we have not encountered such a problem since manufacturing started in Ethiopia.

Have you have come across shops selling a single piece of diaper? Our competition is just cheap imports that sell their diapers in pieces in small shops. So far, there is no established brand or company that produces and distribute the type of product we distribute so we cannot say we have real competition. There are over 20 brands of diapers in Merkato, but the there product is not known by the customer instead it is used by customers who cannot afford buying the whole pack this tells us there market strategy is a niche or focused.

The strong brands are seen in several location and stores while the weaker brands stay in Merkato and small shops so you can view this an identify where your brand currently stands if its only in Merkato and smaller shops or is also found in hypermarkets and supermarkets as well. You can also identify where your brand stands by seeing who purchases your products and how it is sold. By asking do they sell my products by pieces because people who buy in pieces are the once who are a bit weak economically or do they buy the product in packs since the customers who do this are financially in a better situation. Ontex products are a bit expensive to sell in pieces. The products do not have a high or low price; the price set is moderate.

Ontex can become a market leader if the progress of the organization continues in such a manner as we are the only company that is manufacturing our product locally and we do have an eight-month stock of raw material. Some of the problems we encounter are foreign exchange shortages, but if it is difficult to attain it we can get funded from Ontex global, but it would be difficult for other organizations to cope up with us and reach the same level of status as us in a few years with so many difficulties occurring in the country.

7. How do you plan to change the perception of customers that think domestically produced products are not durable?

The customers do not know that the products are manufactured in Hawassa. Even when they do find out, they do not react in such a way because they get surprised that the product is produced locally and yet it has good quality. If the customers started using the product, and it does not create discomfort for the baby, the parents will continue to use that product. Since the product is export quality, we have charged at a high level of tax, causing the product to have a higher price. Customers perceive the product to have standards and good quality when they hear that the product is manufactured in the industrial park since high end and export standard products are the only once produced there

8. What are the internal and external factors prone to influence the marketing strategy implemented by your organization?

The most important factor internally is team building and worthy manager (leaders), even if the employee does not have a pleasant experience with the organization the employee might still be willing to work in the organization if there is a worthy leader. Training and equipping the stuff as well as sales reward and motivation is one of the most critical works that is done by the organization.

Several types of training are given not only to the sales team but to all office employees of Ontex. Seven stage sales are one of the training used by Ontex. Product knowledge is the prior part of the training, this training helps employees understand the brief components that are included in the product, and the quality control manager gives this training. While selling skills are an important part of sales training, it’s also vital that sale and customer service representatives understand the product and services which they are speaking about with customers. Product knowledge ensures that sales professionals can effectively and enthusiastically build trust and confidence in customer relationships. It also means they can answer questions on the spot and overcome customer objections.

This training entails brief greeting and introduction about oneself then sharing a different type of objection that the sales personnel’s might encounter while they are out it the market. The complaint might come in two directions; the first one is an objection in terms of the price, and the second is the objection to quality. Accordingly, this training can equip them with solving complaints. Different type of case studies, objections, or refutes are raised in training. The trainer provides the employees with the necessary tool to positively handle objections.

The seven-stage sales training incorporates the following:

No	Training	Training Description
1	Product knowledge	Training employees the components of a product
2	Prospecting	Targeting and finding new customers
3	Approach	Building a relationship with customers
4	Needs assessment	Exploring what the needs are and how to fulfil needs with their product
5	Presentation	Presenting the benefits of the product
6	Close	Advancing the sales process to get an order
7	Follow up	Checking on clients product and checking if they need anything else

Personal hygiene training is also given to the employees. This training emphasizes the cleanliness of the employee's body, hairstyle, infectious diseases, and also the professional dress code. All staff members should report if there is any communicable disease encountered in the office. Any staff member will be given the necessary amount of sick leave as prescribed by their doctors.

Professional code of conduct, company's policy, and procedures, code of ethics and training are supplemented to all employees by the human resource department. Code of ethics training briefs the employees about the company's core values which are caring for people, integrity in the marketplace, ethics in the business activity, and respecting company information while the professional code of conduct explains the need for professionalism in the work environment.

Negotiation training is given to the sales team. The negotiation is not necessarily of the price of the product but other factors like following the company's protocol. One of the company's protocol is a warm display; this warm display is rearranging the products on the shelf, putting banners, posters, shelf spacing, and other matters. In key accounts (hypermarkets) it's mandatory that Ontex products get 50% of shelf space.

The sales team is very motivated and eager to work because at the end of each year based on their performance there will be a promotion and increment in salary. The current general manager was a key account manager four years back, but year after year he was promoted from key account manager to regional sales manager then to project manager, and now he is the general manager of the company. The company shows its employees that there is a room for growth year after year. All sales employees have cell phone allowance, fuel allowance if they have a car and a transportation allowance if they don't have a car. Most company cars are assigned to all sales employees during work hours. The sales team gets a 3% commission for every daily target achieved.

As for the external factor, we need a proper execution plan. The goals that are set daily, weekly, monthly, and yearly must be adequately monitored and implemented. For having an appropriate method of execution, there should be a clear tactical plan and a clear understanding of what is required by each employee to attain the level of success that is set out by the organization. After this, the post effect must also be acknowledged if the pledged is an incentive, award, or compensation. According to the pledge, if the employees are successful in attaining their target, they must be rewarded as promised.

9. Why is your organization to fixated in only growing sales volume? What are you planning to do to grow market value?

To survive in business, sales are the most important thing. We are rational enough to think of having a long-lasting company so we have to work on brand building since the brand can be valued in money. The company can only survive if it makes a profit or by having a break-even sales, so we tend to focus on the number of products sold. We focus on secondary sales if the secondary sellers meaning, the customer is using the product this denotes that the company is having a high number of sales this would directly affect the primary seller's economies of scale, will help in covering costs and making a profit. The priority of the company is to sustain its self by covering its costs.

The plant found in the mechanical part is not running in a 100% capacity, and this will affect the company, and the company is prone to incur inefficiency. There is also a depreciation in the machinery that is used for the manufacturing the products, so we have to quickly move out stocks in order to sustain ourselves.

10. What are the marketing strategy challenges faced by the organization currently? And how will you counter attack your challenge?

The mishaps in the organization are the strategies we are currently using are not crafted by utilizing any pilot study or market survey. In order to beat the odds, there should be a pre-planning and marketing survey. The second challenge is the customs in the industrial park, there is a high amount of taxation rate for products that are sold in the local market and priority of security, clearance, and distribution is given to exporter so the cue for getting approval and moving the product out of the park can take an awfully long time. It's very difficult to avail the product to customers in time.

Chapter Five

Summary of Findings, Conclusion and Recommendations

Introduction

From the analysis and data collected, the following discussion, conclusion and recommendations were made. The response was based on the objective of the study. The research seeks to establish the effect of marketing strategy on organizational profitability of Ontex Ethiopia.

5.1 Summary of findings

The study findings show that Ontex Ethiopia has adopted several product strategies, there existed a positive significant correlation between organizational profitability of Ontex Ethiopia and product strategy. As shown on the correlation matrix there is positive relation between product strategy and profitability with a value of 0.253. The findings are in support of the research Nijoroge, (2015) argument that product innovation process provides the mean for safeguarding and improving quality and for saving costs. The study also further revealed that small and medium enterprise (SME) developed and tested their products to confirm their adaptability and sustainability to the target customer and the SME has products with a broader appeal.

The study findings show that Ontex Ethiopia has adopted several pricing strategies, there existed a positive significant correlation between organizational profitability of Ontex Ethiopia and pricing strategy with a correlation value of 0.295.

Outcomes depict that promotion strategies have a positive and significant correlation with organizational profitability with a correlation value of 0.225.

According to the regression analysis all marketing mix strategies have a positive and significant effect on Ontex Ethiopia’s profitability. According to the study out of all the marketing mix strategy promotion has the highest level of effect on profitability of the organization. A one unit increase in the promotional strategy will increase profit by 0.322. Secondly product strategy highly affects profitability, a unit increase in product strategy will increase profit by 0.29, a unit increase in pricing strategy will increase profit by 0.285 and a unit increase in distribution strategy will increase profitability by 0.039.

5.2 Conclusion

Based on the research conducted Ontex Ethiopia has adopted considerable amount of product strategy and it has resulted a positive significant effect on their organizations profitability. Adopting and implementing such a strategy as quality product, attractive packaging, size and color variance has helped the organization enter new markets by expanding their territory, selling to existing customers and winning over customers from other competitor's. The summation of all product strategies affects the profitability of the organization by 28.8%.

The research concludes that adopting pricing strategy and it has resulted a positive significant effect on their organizations profitability. As observed from the research customers have repeatedly reported that the price set for this disposable sanitary product is a tad high and difficult for the lower class of the population to afford it.

The study concludes that promotional strategy has a positive and significant effect on organizational profitability. Ontex Ethiopia has been intensively promoting the products through shops as well as media to publicize the product and this has brought attention to the existence of the product. The promotion also informs the customers about the product, its price and where it avails.

The study concludes that distributional strategy has a positive and significant effect on organizational profitability but the organization has not yet cover majority of the area in Ethiopia meaning the product is not available in many areas thus the null hypothesis is not rejected. Location based marketing helps remove barrier to sales since Ontex sales its product to distributors which are classified in territories it makes it simpler for the customers to access the product.

5.3.1 Recommendation

According to the analysis the study recommends that Ontex Ethiopia should consistently keep on improving quality of the product, packaging, size, color and variants. The organization should still peruse it innovativeness to remain the top manufacturing company for hygienic disposable product and also expand and produce sanitary napkin for women, since it uses similar components.

Ontex Ethiopia should continuously update and improve the price of the product to increase the number of customers using the product. The organization should run at a higher level of capacity to become more efficient and reduce the cost so that it would be affordable for majority of the people residing in rural areas

According to the assessment the organization should continue intensively promoting the product especially outside Addis Ababa since the organization has started expanding by territory. Also by developing creative approaches to attract new and retain old customers in different areas. Direct marketing is also a huge factor so the sales team should continuously approach customers who could purchase the product in a bulk quantity.

Ontex Ethiopia should continuously be persistent in delivering its product on time if not customers might switch to other products very easily. The organization should also highly participate in distribution of the product in certain area which is not accessible by other distributors to enjoy a higher level of profit and to attain new customers.

5.3.2 Recommendation for further study

The research was sought to establish the relationship between marketing mix strategy and organizational profitability in the case of Ontex Ethiopia, other studies may also focus on the 7p by adding people, packaging and positioning in order to further determine the factors affecting profitability and also by including different factors that are prone to influencing profitability such as customer loyalty, customers attitude and so forth.

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Interview Questions

1. What sorts of strategy does your company apply to attract target customers?
2. What are the distribution channels that exist while marketing the product?
3. What type of promotional strategies are used by the company to boost sales?
4. How do you intend to increase the profitability of your company by using the marketing mix strategies?
5. Which strategy is intensely used by the organization?
6. What are the effective measures taken to ensure the development of a good marketing strategy?
7. How do you plan in changing the perception of customer that think domestically produced products are not durable?
8. What are the internal and external factors prone to influence the marketing strategy implemented by your organization?
9. Why is your organization to fixate in only growing sales volume? What are you planning to do to grow market value?
10. What are the marketing strategy challenges faced by the organization currently? And how will you counter attack your challenges?

APPENDIX-II

ADDIS ABABA UNIVERSITY SCHOOL OF COMMERCE

MASTERS OF MARKETING MANAGEMENT

Questionnaires to be filled by Key account customers

As partial fulfillment towards the completion of my postgraduate degree, the research titled “The effect of marketing mix strategy on organizational profitability: The case of Ontex Ethiopia”. Hence, I kindly request you to fill this questionnaire while assuring you to that the information that you provide will be treated with confidentially and shall only be used for this academic research.

Your honest response and due attention are very much essential to complete the questionnaire.

Please attempt to answer all the questions and tick the appropriate box that best suits your perspective for each statement.

Thank you very much for your time and assistance.

Best regards,

Elelta Girmachew
+251911137455
eleltabizuneh@gmail.com

Questionnaire

Part 1 Demographic information

1. Gender

☐ Male ☐ Female

2. Age

☐ Under 20 years old ☐ 21-30 years old ☐ 31-40 years old

☐ 41-50 years old ☐ 51-60 years old ☐ over 60 years

3. Education

☐ Primary school ☐ Secondary school ☐ Bachelor's degree

☐ Master's degree ☐ Doctoral degree

4. Marital status

☐ Single ☐ Married ☐ Divorced

☐ Widow

5. Indicate the period your business has been in operation

Less than 1 year ☐ 2-5 years ☐ ☐ 5-9 years ☐ over 10 years

6. Indicate the Type of Business

Sole proprietor ☐ Partner ☐ Company ☐

In relation to the effectiveness of Marketing Mix strategy

Use the following scale as appropriate

1-Strongly disagree 2- Disagree 3-Neutral 4-Agree 5- Strongly Agree

Part Two: Product attribute

No	**Statement**	**1**	**2**	**3**	**4**	**5**
1	Your organization provides a broad line of Canbeb products					
2	The brand name influences organizational profitability					
3	The products are efficient in meeting customer wants					
4	Customers complain about the quality of the product					
5	In your opinion, the product quality is very good					

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6	The package of the product is effective and attractive					

Part Three: pricing

No	**Statement**	**1**	**2**	**3**	**4**	**5**
1	Price of the products are appropriate					
2	Price decision allows a discount					
3	Pricing given by the company allows competition among other enterprises					
4	The pricing gives room for a large customer base(affordability)					
5	The pricing company provides you with credit terms					
6	Prices are high compared to product quality					

Part Four: Promoting

No	**Statement**	**1**	**2**	**3**	**4**	**5**
1	People know the product based on the promotion					
2	Ontex Advertises its products through various media					
3	Ontex produces new products in design and style					
4	Your organization applies for sales promotion as one of the promotional strategies					
5	Your promotional strategy influences the profitability positively					

Part Five: Place

No	**Statement**	**1**	**2**	**3**	**4**	**5**
1	Ontex has a reliable channel of distribution for their products					
2	The place strategy of Ontex strives to gain market share					
3	There is a continuous supply of the product					
4	The organization provides you with delivery					

Part six: Performance

1. To what extent does the marketing strategy adopted by the company influence the performance of your organization

Not at all ☐ Minimal extent ☐ Moderate extent ☐ Large extent ☐

2. Please indicate the extent to which your business performance has grown in the following areas. Due to marketing, please use the following scale as appropriate

1- Not at all 2- Minimal extent 3- Moderate extent 4- Large extent 5-Very large extent

Performance	**1**	**2**	**3**	**4**	**5**
Net profit					
Number of employees					
Sales Volume					
Market share					