COLLEGE OF BUSINESS & ECONOMICS
SCHOOL OF COMMERCE

The Effect of Marketing Strategy on Business Performance: A Study on Selected Small and Medium Enterprises (SMEs) In Addis Ababa

By

Wubneh Wolde-Cherkos

Dr. Andinet Worku

June, 2021

Addis Ababa, Ethiopia

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

The Effect of Marketing Strategy on Business Performance: A Study on Selected Small and Medium Enterprises (SMEs) In Addis Ababa

BY: Wubneh W/Cherkos

APPROVAL BOARD COMMITTEE

Research Advisor	**Signature**
________________________	________________________
External Examiner	**Signature**
________________________	________________________
Internal Examiner	**Signature**
_____________	________________________

Statement of Certification

This is to certify that Wubneh W/cherkos has carried out his research work on the topic entitled "The Effect of Marketing Strategy on Business Performance: A Study on Selected Small and Medium Enterprises (SMEs) In Addis Ababa" is his original work and is suitable for submission for the award of Masters Degree in Marketing Management.

____

Advisor

Declaration

I, Wubneh W/Cherkos, hereby declare that the thesis work entitled "The Effect of Marketing Strategy on Business Performance: A Study on Selected Small and Medium Enterprises (SMEs) In Addis Ababa." submitted in partial fulfilment of the requirements for Master of Arts in Marketing Management to Addis Ababa University, School of Commerce, is the outcome of my own effort and that all sources of materials used for the study have been duly acknowledged. This study has not been submitted for any degree in this University or any other University.

Name: Wubneh W/Cherkos

Signature: ____________________

Date: ________________________

Acknowledgments

Table of Contents

Abstract

The main objective of this research work was to examine the effect of marketing strategies on business performance in the context of small and medium enterprises (SMEs) in Addis Ababa. In order to meet this objective the study employed a mixed method where data was collected using both qualitative and quantitative approaches such as survey and in-depth interviews. The samples were drawn from owners/managersof SMEs located in south west of Addis Ababa, Nifasilklaftosubcityworead 02, specifically from such areas asKore, Lebu, German Adebabay, Jemo condominium, Jemo Michael and Koshe areas. A total of 332 respondents were approached for the survey and 8 SME owners were approached for an in-depth interview. The quantitative data were analyzed by using descriptive and inferential analysis. Thematic analysis was utilized for the qualitative data. The findings of the research has shown that the independent variables (i.e., product, price, promotion, place and after sale service have asignificant effect on the dependent variable performance. However, the regression analysis has shown that packaging has a non-significant effect on performance. Price had a higher effect on performance compared to the other independent variables (B = . p =). . The qualitative data results also supported the quantitative findings and showed that marketing strategies had valuable effect on the performance of SMEs.

Chapter One

Introduction

1.1 Background of the Study

Marketing is generally considered as the process by which companies create value for the customers and build strong customer relationship in order to capture value from customers in return (Cavusgil,S.T,&Zou,S 2014). Marketing also described by the American Marketing Association (2008) as the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large. According to Kotler (2000), Marketers use numerous tools to elicit the desired responses from their target markets. These tools constitute a marketing mix. Marketing mix is the set of marketing tools that the firm uses to pursue its marketing objectives in the target market. McCarthy (1999), classified these tools into four broad groups that he called the four Ps of marketing: product, price, place, and promotion. Marketing-mix decisions must be made to influence the trade channels as well as the final consumers. Typically, the firm can change its price, sales-force size, and advertising expenditures in the short run. However, it can only develop new products and modify its distribution channels in the long run. Thus, the firm typically makes fewer period-to-period marketing-mix changes in the short run than the number of marketing-mix decision variables might suggest. Robert Lauterborn (1990), suggested that the sellers' four Ps correspond to the customers' four Cs (i.e., Product Customer solution, Price Customer cost, Place Convenience and Promotion Communication). Captivating business firms are those that satisfy customer needs efficiently and suitably and with effective communication.

Now a day, in contemporary business world, marketing becomes a vital and comprehensive tool to plan, produce, price, promote, distribute goods, service, and ideas for the satisfaction of relevant customers and clients. (Smile Dzisi& Daniel Ofosu 2014)

One definition of marketing strategy is that it is an indication of how the marketing mix elements would be used to achieve the marketing objectives (Foxall, 1981). A marketing strategy is a method of focusing an organization's energies and resources on a course of action, which can lead to increased sales and dominance in a targeted market. It is most effective when it is an integral component of overall firm strategy, defining how the organization will successfully engage customers, prospects, and competitors in the market arena. According to Aaker (2008), marketing strategy is a process that can allow an organization to concentrate its resources on the optimal opportunities with the goals of increasing sales and achieving a sustainable competitive advantage. Marketing strategies are fundamental in setting out basic and long-term activities in the marketing field. The formulation, evaluation and selection of market-oriented strategies consequently contribute to the goals of the company and its marketing objectives. Marketing strategies constitute one of the key functional strategies that Small and Medium Enterprises (SMEs) adopt to enhance performance. Organizations including Small and Medium Enterprises have realized the need to institute strategies that will help them gain an in depth understanding of the market, particularly with regards to their competitors and customers.

Small and medium enterprises (SMEs) are the engine of economy growth and development globally. By their very nature, SMEs constitute the most viable and veritable vehicle for self-sustaining industrial development (Oyebamiji, kareem and Ayeni. 2013).It is also noted by Tambunan (2008) that Small and Medium Enterprises (SMEs) play a vital role in economic development, as they have been the main source of employment generation and output growth, both in developing as well as in developed countries. In developing countries, the roles of SMEs become more crucial as they have potential to improvement of income distribution, employment creation, poverty reduction and export growth. It also leads to the development of entrepreneurship, industry and the rural economy. The term “SME” encompasses a broad spectrum of definitions. The definition varies from country to country. Generally, these guidelines are based upon either headcount or sales or assets. For example, as per the report of Dalberg (2011), Egypt defines SMEs as having more than 5 and fewer than 50 employees whereas Vietnam considers SMEs to have between 10 and 300 employees. However, the Inter-American Development Bank defines SMEs as having a maximum of 100 employees and less than $3 million in revenue. In Europe, they are defined as having manpower fewer than 250 employees and United States define them with employees less than 500 (Natarajan & Wyrick, 2011). As general guidelines, the World Bank defines SMEs as those enterprises with a maximum of 300 employees, $15 million in annual revenue, and $15 million in assets.

The definitions in Ethiopia also vary from institution to institution. According to the Federal Micro and Small Enterprises Development Agency(FeMSMEs) (2011) definition, Micro, Small and Medium Enterprises MSMEs are categorized in terms of number of employees, total asset and annual turnover. Accordingly, SMEs are businesses who recruit employees between 6 and 300 and their total asset between Br. 100,000 to Br. 1,500,000. According to central statistics agency definition, SMEs are business, which has employees between 10and 300 and their total asset between Br. 11,000 to 1,650,000. The ministry of trade also gives varying definition to segment SMEs. Since the definitions are varying across different institutions, for this specific study, the researcher uses 'total asset' as the classification of SMEs for ease of availability of data.

In Ethiopia, next to the agriculture sector, the SME is the second largest employment-generating sector (Fiona Meehan, 2004, P. 2). Thus, the government of Ethiopia gave due attention to the growth of SMEs, as a means to reduce poverty and unemployability (Rahel&Issac, 2010). In some developing countries, which have great economic achievement, SMEs by virtue of their size, location, capital investment and their capacity to generate greater employment, have demonstrated their powerful propellant effect for rapid economic growth (ILO, 2003). But Small and Medium Enterprises (SMEs) in Ethiopia have not performed creditably well and hence have not played the expected vital and vibrant role in the economic growth and development of the country. The challenges could be as a result of perceived ineffective marketing strategy which is having negative effect on the organization's performance, product quality, customer satisfaction and profitability (Gerbrehiwot& Wolday,2006).

The purpose of this study was therefore to examine and give recommendations of the effect of marketing strategies on the business performance of SMEs owners/managers who work in Addis Ababa.

1.2 Statement of the Problem

All organizations attempt to survive and achieve superior business performance in their competing markets. The success of organizations may be attained through different ways. Some organizations think of their internal capabilities while others account on their external position. Third group of organizations think of both their internal capabilities and external position. However, an organization can achieve superior business performance only if it can provide products that customers will pay more for than it costs the firm to provide to them. It means that the organization must be able to create value for its customers. Value creation seems to be at the heart of any successful strategy (especially, marketing strategy).

The notion of marketing strategy has become an important concept and has been used by business institutes and enterprises worldwide. The concept of strategy is ancient and it comes from Greek word strategies, which means art of Army General. Effective Army Generals are needed to win battles and protect territories. Strategic Marketing is defined by Achumba (2000), as a chosen line of action selected by an organization for pursuing a marketing objective. Accordingly, marketing strategy can be defined as a pathway in which enterprises or other business firms follow to achieve their business goals. Marketing strategy is a comprehensive methodwhich unfolds a series of actions such as market research, developing vision about the market(s), selecting market targets strategies, design positioning strategies, setting objectives and implementing the marketing programmes to meet the value requirements of the target markets (Mustapha 2013). to be deliberated by a firm or an enterprise It is a logic Marketing strategy has a combination of activities that have logical relationships. The activities are used in order to assess customer needs, attitudes and also to examine competitors' products The major focus of marketing strategy is valuing customers and making sure the firm runs at a lower cost as it keeps its costomers' choice and needs (Chiliya, Herbst and Roberts- Combard 2009). Owomoyela, Oyeniyi and Ola (2013), also see marketing strategy as way of providing aneminence product that satisfies client needs, offering reasonable price and engaging in wider distribution and back it up with effective promotion strategy. Marketing strategy is a vital precondition of industry's ability to fortify its market share and play down the impact of the competition.

In Ethiopia, during post Derg period, the country envisaged a strategic plan that transform the economy from agricultural sector to industrialization, the first ADLI (agricultural development led industrialization) was failed due to the incapability of the middle class or SMEs to play its role according to government report, and again the government come up with new GTPs for the transformation but not yet produced the targeted transformation of the country, the government condemned the middle class mostly for SMEs didn’t perform as expected. Statistics indicate that the unsuccessful performance of SMEs besides the external problem (i.e., infrastructural, finance...) are mainlyascribed to flaws in financial management and marketing. The meagre performance of SMEs is the foremostapprehension. Hence, that needs to investigate their marketing strategies and determine if that has effect on the business performance.

Studies has been conducted that showed the relationship of marketing strategies to performance. For example, Moula C. (2017), conducted a study on the effect of marketing strategies on sales performance of SMEs in Kenya and positive relationship between all the marketing mix elements and sales performance was indicated. While, Alita et al.;(2012) examined the influence of promotional strategies on banks performance. The authors found that there is a positive relationship between promotional strategies and bank performance. Furthermore, Ayedunet al., (2014) examined the effect of marketing strategies on corporate performance of estate surveying and valuation firms in Kaduna metropolis of Nigeria. The study revealed that marketing strategies adopted and corporate performance of the firms were positively correlated. Mustapha (2017), investigated effects of marketing mix strategy on performance of small-scale businesses in Nigeria and the study found that that the effects of business performance and product offered to the market, price, promotion, place strategies of the product were positive and significant. Furthermore, marketing strategy (promotion,product, price, and place) were considerably independent which can stand by their own and dual predictors of business performance. Each one has its distinctiverole and effectto the performance of the small businesses. This also shows the importance of the marketing strategy no matter how small the Business may be,its performance is proportionately depending and goes with the marketing strategy applied.

In the context of Ethiopia there are studies which examined the effect of marketing strategies on businessperformance. For example, Abebe (2018) examined the effect of marketing mix strategy on performance of SMEs in southern region of Ethiopia. His study revealed that the relationship between marketing strategies; product, price and promotion and performance of small and medium manufacturing enterprises is positive and significant. In addition, BezawitH. et al., (2020) conducted a research on the effect of marketing strategies on the performance of private insurance companies in Ethiopia. The result had showed that there is a positive relationship between marketing strategies and performance of insurance companies in Ethiopia. Though Abebe has examined the effect of marketing strategies on business performance of SMEs,his study has focused on only the 4Ps and non-financial measures of performance. Therefore, this study aims to add to the literature on the effect of marketing strategies on business performance by including other marketing strategy elements such as packaging of products and establishment of long-term relationship with customers. In addition, the study also aimed to add to this strand of the literature by taking into account short-term measures of business performance (i.e., financial measures). The researcher believed that the existing empirical data is not adequate enough to show effects of marketing strategies on business performance as most of the studies were conducted on other business sectors other than SME. On the other hand, the studies that had been conducted in Ethiopia on SME were very few in number and out of the geographical area that this research had covered. Additionally, the researcher had also noticed that most of the studies conducted were methodologically designed using a quantitative approach in which they collect and analyse data through a means of survey. This in return, limited the findings of the studies as most of them had no chance to triangulate the quantitative data through the use of qualitative data.

These all, therefore, creates a proper avenue to fill the gap that other researchers had left, fill the methodological gaps of the researches that had been conducted so far on the effects of marketing strategies on business performance of small and medium enterprises by employing a mixed method study which combines both quantitative and qualitative approaches, and to examine the business performance by incorporating other marketing strategy elements which were not considered and examined by other researchers such as packaging of products and establishment of long term relationship with customers. The study tried to focus on effects of marketing strategies on business performance in Addis Ababa, which then led to the question; what are the effects of marketing strategies on business performance of small and medium enterprises?

1.3 Research Question

This study was guided by the following general research question.

- Is there significant effect of marketing strategies on business performance?

Additionally, the study tried to examine the following specific research questions in a systematic and empirical manner.

1. Does product positively affect business performance?
2. Does promotion positively affect business performance?
3. Does place positively affects business performance?
4. Does price positively affect business performance?
5. Does packaging positively affect business performance?
6. Does after sales service affect business performance?

1.4 Research Objectives

The main objective of this research work was to examine the effect of marketing strategies on business performance with special reference to the selected small and medium enterprises (SMEs) in Addis Ababa. Other specific objectives of the study are:

i. To examine the degree at which product,price, place, promotion, packaging and after sales service strategy improves the level of business performance of SMEs in Addis Ababa.

ii. To determine the extent at which product, price, place, promotion, packaging and after sales service strategy influences the business performanceof SMEs in Addis Ababa.

1.5 Research Hypothesis

The following hypotheses were formulated and tested to answers to the research questions mentioned above.

H1: Product strategy has positive significant effect on the performance of SMEs;

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

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

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

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

H6: After-sales service strategy has positive significant effect on the performance of SMEs;

1.6 Significance of the Study

Since Ethiopia is a developing nation with a high rate of unemployment, the job creation and the generation of seed capital of this SMEs for the transformation to large scale industry will be significant once they employed strategic marketing system in their operation. This study will help to find out the effect of marketing strategies on the performance of SMEs which will be significant as:

- It will help the SME owners/managers to focus on marketing strategies to boost their performance.
- It will help the concerned government body, Federal Micro and small Enterprise Development Agency FMSEDA, to plan for capacity building projects and develop training material for SMEs.

1.7 Scope of the Study

This study tried to examine the effect of marketing strategies on the performance of selected small and medium enterprises in Addis Ababa. The aspect looked into the SMEs strategies of product, price, promotion, place, packaging and after sales service on the performance of small and medium enterprises. The study was focused on registered small and medium enterprises that were engaged in the manufacturing, import, export, domestic trade and service, building and construction and transport sectors. The study will employ Explanatory Mixed-Method design and try to collect both qualitative and quantitative data in a concurrent manner. By taking the research design in to consideration, the study will sample respondents and participants using probability and non-probability sampling techniques. Both survey questionnaire and semi-structured interview guides will be used to collect quantitative and qualitative data and descriptive and inferential statistics for the quantitative wing as well as content and thematic analysis for the qualitative wing of the study will be used to analyze the data.

1.8 Limitation of the Study

Due to large geographic area coverage of the city, this study will be confined only in Nifas Silk Lafto sub-city out of the ten sub-cities and the study result may not generalize the effect of marketing strategy on performance.

1.9 Organization of the thesis

Chapter one of this proposal provides a reflection of the problem statement and identifies how the study will be accomplished. Chapter two elucidates previously published studies that support the research question. Chapter three discusses about what type of methods the researcher will employ to conduct the research. Chapter four focus on the presentation, analysis and interpretation of data and chapter five presents finding of the research and give conclusion and recommendation for stakeholders.

Chapter Two

Literature Review

2.1 Introduction

This chapter presents a review of related literature on the effect of marketing strategies on the performance of business, as presented by various researchers, scholars, analysts and authors. The chapter also provides the theories underpinning the study.

2.2Theoretical Review

This section examines the various theories that are related to marketing strategy. The section starts by discussing about Porter's three generic strategies, Ansoff's product/market matrix and the marketing mix strategies.

2.2.1 Competitive Advantage

Competitive advantage is a factor or combination of factors that make an organization more successful than other organizations in a competitive environment and cannot be easily emulated by its competitors. Strategy (specially marketing strategy) is related to competitive advantage mutually. On one hand competitive advantage is a base or an essence for formulating strategy, onthe other hand, formulating strategy is to create and sustain competitive advantage in the line of organizational objectives.

Porter (1980), identified three generic strategies as fundamental sources of competitive advantage. These are: cost leadership, differentiation and focus. Arguably, these provide a basis for all strategic activity and underpin the large number of marketing strategies available to the organization. Additionally, management needs to define the competitive scope of the business-targeting a broad or narrow range of industries/customers, essentially either operating industry-wide or targeting specific market segments. Each generic strategy is examined in turn.

Cost Leadership

One potential source of competitive advantage is to seek an overall cost leadership position within an industry, or industry sector. Here, the focus of strategic activity is to maintain a low-cost structure. The desired structure is achievable via the aggressive pursuit of policies such as controlling overhead cost, economies of scale, cost minimization in areas such as marketing and R&D. global sourcing of materials and experience effects. Additionally, the application of new technology to traditional activities offers significant opportunity for cost reduction.

Differentiation

The product offered is distinct and differentiated from the competition. The sources of differentiation must be on a basis of value to the customer. The product offering should be perceived as unique and ideally offer the opportunity to command a price premium. The skill base for a differentiation strategy is somewhat different from a cost leadership strategy and will focus on creating reasons for purchase, innovation and flexibility.

Common sources of differentiation include:

a. Product performance- factors such as quality, durability and capability all offer potential points of differentiation. Performance is evaluated relative to competitors' products and gives customers a reason to prefer one product over another.
b. Product perception- often the perception of a product is more important that actual performance. The product has an enduring emotional appeal generating brand loyalty, this commonly achieved via marketing communications (advertising, branding, endorsement, etc.) and direct experience of customer groups.
c. Product augmentation- we can differentiate by augmenting the products in a way that adds value. For example, high levels of service, after-sales support, affordable finance and competitive pricing, all serve to enhance the basic product offering.

Focus

The organization concentrates on a narrower range of business activities. The aim is to specialize in a specific market segment and derive detailed customer knowledge. This focus, or niche, strategy can also generate the benefit of cost leadership of differentiation within a defined market segment. A focus strategy is based on geographic segmentation, end-user focus and single product type focus.

2.2.2 Ansoff's matrix

Ansoff (1975), developed a product/market matrix (or 'Ansoff matrix) which provides a useful linkage between products and markets. The organization's potential is determined by the combination of current and new products within current and new markets.

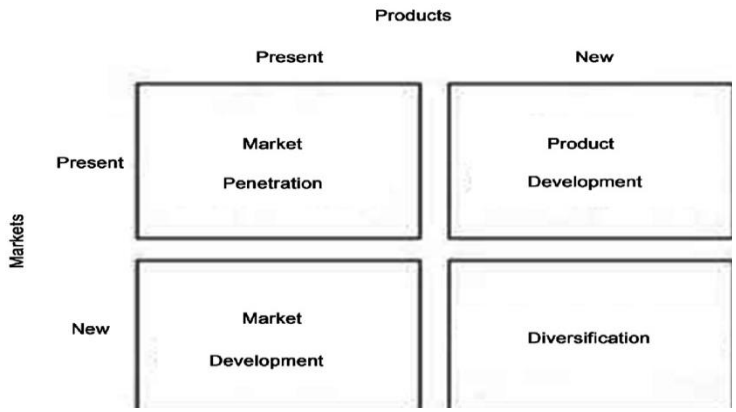


Figure 1: Ansoff product/market matrix

- **a. Market penetration-** the aim is to increase sales of existing products in current markets.
- **b. Market development-** aims at finding new markets for existing products. This could involve new geographic markets, adding distribution channels or finding new market segments.
- **c. Product development-** organizations must update their product portfolio to remain competitive.
- **d. Diversification-** this involves moving beyond existing areas of operation and actively seeking involvement in unfamiliar activities.

2.2.3Marketing mixes as a basis of formulating a strategy

In the literature it is common to link the marketing mix elements to marketing strategy. A marketing strategy is defined as in a given market area, the proper allocation of resources to support enterprises to win competitive advantage(Greenley,1984).Goi (2005), define marketing strategy as the set of the marketing tools that firms use to pursue their marketing objectives in the target market. Therefore, the function of marketing strategy is to determine the nature, strength, direction, and interaction between the marketing mix- elements and the organizational marketing strategy development to establish, build, defend and maintain its competitive advantage.

Managerial judgment is important in coping with environmental ambiguity and uncertainty in strategic marketing.

2.2.3.1 Product Strategy

Kotler and Armstrong (2006) define a product as anything that can be offered to a market for attention, acquisition, use, or consumption that might satisfy a want or need. They further define a consumer product as the product bought by the final consumer for personal consumption. Consumers buy products frequently, with careful planning, and by comparing brands based on price, quality, design, features, brand name and sizes. Mohammad et al, (2012) also say that product is the physical appearance of the product, packaging, and labelling information, which can also influence whether consumers notice a product in-store, examine it, and purchase it. Past researchers have clearly suggested that product influences have a significant impact on business performance (KazemandHeijden, 2006; Kemppainen, Vepsäläinen, and Tinnilä, 2008; Ogunmokun and Esther, 2004; Owomoyelaet al, 2013),Product/market strategies address the specific market effect of a product or product line.

2.2.3.2 Pricing Strategy

kotler (2007) defines price as a cost of producing, delivering and promoting the product charged by the organization. Zeithaml (1988) is of the view that monetary cost is one of the factors that influence consumers perception of a products value. Price can be stated as the actual or rated value of a valuable product which is up for exchange; some define it as amount of money paid for product (Kotleret al, 2005). In the studies of Colpan,(2006); Dooleet al., (2006) and Owomoyelaet al, (2013) they establish significant relationship between price and business performance. The price you set for your product or service plays a large role in its marketability. Pricing for products or services that are more commonly available in the market is more elastic, meaning that unit sales will go up or down more responsively in response to price changes (Jones, 2007).

2.2.3.3 Promotion Strategy

Zeithamlet al. (1995), describe promotion as part of specific effort to encourage customers to tell others about their services. According to Duncan (2005), promotion is the key to the market exchange process that communicates with present and potential stakeholders, and the general public. Every firm or store must cast itself into the role of communicator and promoter. Hakansson (2005) also reports that promotion appears as an issue of how to create an optimal mix of marketing communication tools in order to get a product's message and brand from the producer to the consumer. Borden, (1984) defines promotion as sales promotion, advertising, personal selling, public relations and direct marketing. Kotler, (2007) discovers that Promotions have become a critical factor in the product marketing mix which consists of the specific blend of advertising, personal selling, sales promotion, public relations and direct marketing tools that the company uses to pursue its advertising and marketing objective.

2.2.3.4 Place Strategy

Jones, (2007) defines place as any way that the customer can obtain a product or receive a service. Bowersox and Closs (1996) give distribution as another name for place. According to them, it is the third element of the marketing mix, and it encompasses all decisions and tools which relate to making products and services available to customers. Kotler and Armstrong (2006), also define place or distribution as a set of interdependent organizations involved in the process of making a product available for use or consumption by consumers. Place strategy calls for effective distribution of products among the marketing channels such as the wholesalers or retailers (Berman, 1996). Owomoyela et al, (2013)

2.2.3.5 Packaging Strategy

Packaging is a crucial component of the "marketing mix" for a product. It is the "least expensive form of advertising" and is of particular importance at the point of sale, as the package is the manufacturer's last chance to convince the customer to purchase the product (Sajuyigbeet al, 2013). Packaging is a very important marketing strategy to glamorize product in order to attract the consumers' attention. Sometimes packaging is so important that it cost more than the product itself in order to lure the consumers to buy it (Sajuyigbeet al,2013). Olayinka and Aminu (2006) see packaging as all activities of designing and producing the container or wrapper for a product. Kottler (2007) defines packaging as all materials products used for the containment, protection, hard delivery and presentation of goods. Packaging is the protecting products for distribution, storage, sale and use, packaging also refers to the process of design evaluation and production of packages. Packaging can be described as a coordinated system of preparing goods for transport, warehousing information and sell. It is fully integrated into government business, institutional, industry, and personal use (Diana, 2005). Sajuyigbeet (2013), point out that packaging is one of the inevitable communication tools that influence buying behaviour and enhance business performance.

2.2.3.6 after Sales Service Strategy

'After sales service' involves a continuous interaction between the service provider and the customer throughout the post-purchase product life cycle. At the time the product is sold to the customer, this interaction is formalized by a mutually agreed warranty or service contract. Urbaniak (2001), defines after sales service as those activities that enhance or facilitate the role and use of the product. Asugman (1997), also define after sales service as those activities in which a firm engages after purchase of its product that minimize potential problems related to product use, and maximize the value of the consumption experience. Past researchers (Ruben, 2012; Saccani, et al., 2007; Raddats, 2011; Goffin and New, 2001) agree that after sales service is a marketing strategy that enhance and establish strong and long relationship with customers, which in long run lead to customer satisfaction, retention and profitability.

2.2.4 Business Performance

Spillan and Parnell (2006), acknowledged that the links between strategy and performance have been substantiated at firm and functional levels, although there is often overlap between the two. At the business level, strategy typologies - also referred to as gestalts, frameworks, and archetypes - identified several generic strategic approaches and were developed and utilized as a theoretical basis for identifying strategic groups in industries. Porter's (1985), generic strategy typology also infers competitive and marketing dimensions and has been widely tested. According to Porter, a business can maximize performance either by striving to be the low cost producer in an industry or by differentiating its line of products or services from those of other businesses; either of these two approaches can be accompanied by a focus of organizational efforts on a given segment of the market (Haghighinasab, Sattari, Ebrahimi and Roghanian, 2013). Presumably, differentiated businesses should emphasize marketing as a means of distinguishing their products and services from those of their rivals. Likewise, Porter's focus orientation is consistent with the marketing themes of product positioning and target marketing. According to Haghighinasab et al., (2013), performance can be measured based on growth, market share and profitability. The higher the indices, the greater the performance of the business and vice versa. Ardjouman and Asma (2015), further defined performance in terms of output such as profitability or quantified objectives. This means that performance of SMEs has to do with both behaviour and results. This explanation covers achievements of anticipated levels as well as objective review and setting. When the behaviour of management is right, then the anticipated levels of output would be achieved and vice versa for failure. When behaviours of management towards marketing strategies are geared on a right direction, then this positively affect the performance of SMEs. Some strategies which could affect performance of businesses are the product quality, marketing communication and relationship marketing.

Business performance consists of two main components: customer performance (satisfied and loyal customer), market performance (i.e. sales volume and market share) (Hooley et al. 2003).

a. **Financial Performance** – innovation capabilities result in the development and marketing of new or existing products that might be expected to result in increased profitability, increase sales volume and market share.
b. **Non-financial performance-**it has been recognized that loyal customers are more valuable than occasional ones. Many marketing activities therefore are directed at creating value for the customers and maintaining satisfied and loyal customers.

2.2.5 Entrepreneurial marketing

Entrepreneurial marketing (EM) as a concept was introduced in 1982 as a new paradigm that integrates both entrepreneurship and marketing. The term EM does not have a universally acceptable definition but can be described as the process that firms undertake when using marketing to act entrepreneurially. EM is generally associated with the creative marketing activities of small firms with limited resources. Hills et al.(2010: p 6) define EM as "a process of pursuing opportunities and launching and growing ventures that create perceived customer value through relationships by employing innovativeness, creativity, selling, market immersion, networking and flexibility".

Bjerke and Hultman (2002) express the concept of entrepreneurial marketing with the help of a "conceptual framework for entrepreneurial marketing" as presented on figure one. This framework shows the relationship between the four pillars of the subject. Entrepreneurship explains the why and how processes of opportunity recognition. This is further implemented together with either transactional and/or relationship marketing in order to increase customer value. Resources, which is the next pillar, concerns the fact that there is a need in the offering to generate value to the customer. Resources can be acquired by cooperating with partners or they can just simply be owned by the company. In growing entrepreneurial firms, customer value is usually not created on an individual level. Rather, it is created by the cooperation between several different actors. Growing firms rely on contributing partners in the process of increasing customer value. There are several reasons why a growing firm chooses to rely on partners in order to increase customer value; economies of scale and niche specialists are two reasons why a newly started venture might turn to partners in order for them to optimize the use of resources. There might also not be any available competence for inhouse production, which also requires time allocation; and using partners can also increase the flexibility when it comes to changing aspects of customer demands. The bottom line might lie in the fact that the newly started venture is lacking overall resources to take care of all aspects of production and therefore needs to rely on other firms to handle parts of the production. The third part of the framework is processes. It is here where the value creation takes place; co created by all the different processes that take place in the value assemblage. Any firm is permeated by processes at all levels of the organization. Maintaining customer relationships, distribution channels, production planning and development of products are just a few processes that take place in any organization. The core of these processes lies in the ambition to create customer value and increase this value to overcome competitor’s customer value. The last and final pillar is the actors. The actors are individuals or organizations that run the processes and co create customer value.

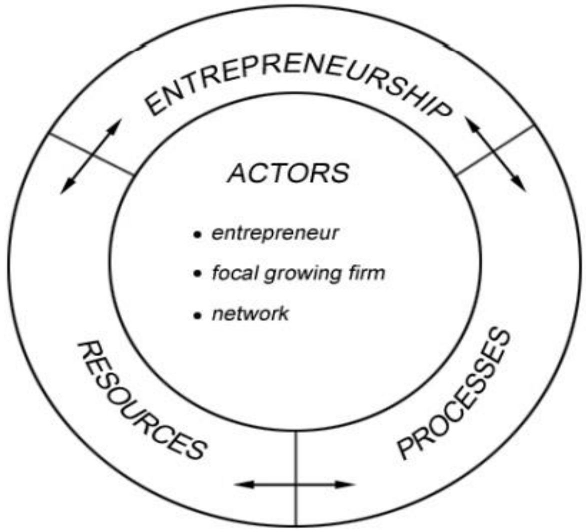


Figure 1: Four Pillars of the Entrepreneurial Marketing framework (Bjerke &Hultman, 2002)

2.2.6 Small and Medium Business Enterprises

Oyebamiji, Kareem and Ayeni (2013), characterized SMEs as follows: 1) The same manager or proprietor finds it difficult to raise short- or long-term capital from the organized capital market, instead relies on personal savings or loans from friends, relatives or money lenders. 2) The same manager/proprietor handles/supervises the production, financing, marketing and personnel functions of the enterprise. 3) The manager/proprietor's vision is confined to the local community in which he carries on his line of business. There is little or no knowledge of the wider or distant markets. 4) The rate of business mortality is high probably because of strong mutual distrust and dominance of the sole proprietor which militates against the formation of partnerships or limited liability companies. 5) The enterprise is generally poorly equipped as the small-scale industrialist feels reluctant to accept outside help owing to prejudice or fear that information about the enterprise might reach the tax authorities or a nearby competitor. 6) Little or no account of business costs or revenue is kept and the banking system is hardly utilized. The result is that banking facilities for business financing and expansion are extended to only very few of the industrialists. 7) The level of education of the proprietor is usually very low with a consequent low level of business management technique, skill or market information.

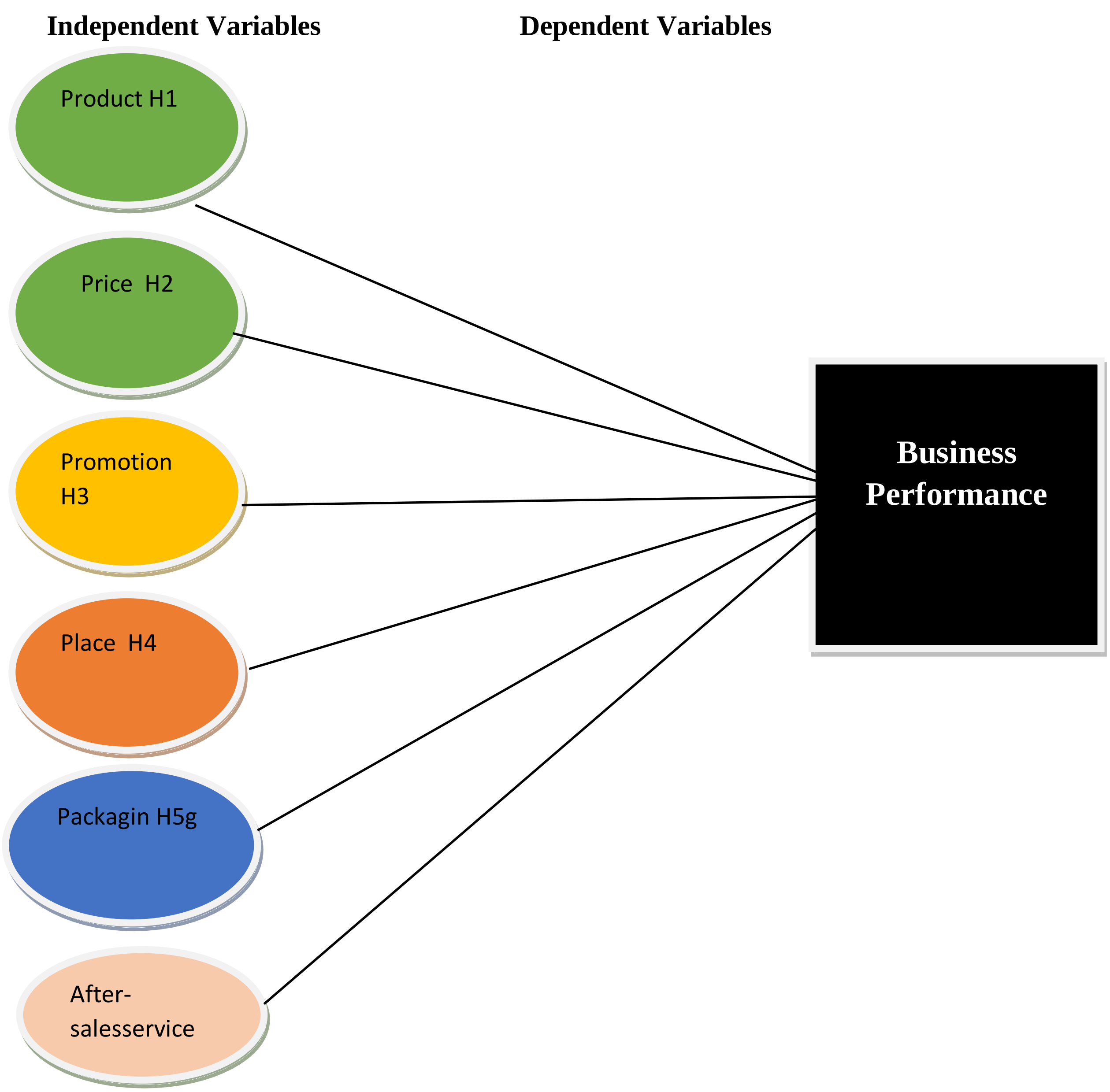
2.3 Empirical Review

Abebe (2018), conducted a study on the effect of marketing mix strategy on performance of SMEs evidenced from selected manufacturing enterprises in southern region of Ethiopia. The researcher adopted a causal research design conducted on 250 owners/managers of SMEs and the study result showed thatprice, promotion, product and performance of small and medium manufacturing enterprises are significantly related,but the relationship between place and SMEs performance was found significantly negative. Bintu (2017) did a study on the effects of marketing mix strategy on performance of small-scale business in Maiduguri metropolitan, Borno state of Nigeria. The study aim was to explore how marketing mix elements are managed and they impacted on the performance of small-scale enterprises in Maiduguri. The study adopted exploratory and descriptive survey research method. The study result revealed that there is a positive and significant relationship between product, price, promotion and performance of small and medium manufacturing enterprises. Using SMEs in Nigeria, Bintu (2017) did a study on the effects of marketing mix strategy on performance. The study's aim was to explore the management of marketing mix elements and their relationshipwith business performance. The study adopted exploratory and descriptive survey research method and the result shows that there is significant relationship between marketing strategy elements and business performance. Furthermore, using SMEs in Kenya, Njoroge(2015) studied the relationship between marketing strategies and the performance of enterprises in Matuu town, Machakos country, Kenya. To achieve the study objective, the study used descriptive research design and the population of interest comprised all the SMEs in Matuu town, Machakos country. A sample of 86 SMEs was selected by using simple random and stratified sampling methods. The study established that customers' relationship marketing strategies and the technology-based marketing strategies have a positive insignificant influence on the performance of SMEs in the target area of the study, MAtuu.Apparently, innovative marketing strategies have a significant negative relationship with the performance of SMEs in Matuu town.

Another empirical review will be on entrepreneurial marketing (EM) that has been theoretically reviewed in the previous section. Even though, the researcher encountered scarcity of empirical data on EM in the case of Ethiopian small and medium enterprises, different studies conducted in different parts of the world showed that the combination of EM as both market-oriented and entrepreneurialoriented activities allows firms to survive both static and volatile market environments. EM may lead to sustainable growth for firms operating in challenging markets (Miles and Darroach, 2006; Morrish, 2011; Jones et al., 2013). Hacioglu et al. (2012) investigate the relationship between the seven dimensions of EM and firm innovative performance in a sample of Turkish SMEs. The study found that four dimensions of the EM namely pro-activeness, innovativeness, customer intensity and resource leveraging have significant relationships with firm innovative performance. The effects of the three other dimensions are not significant. Hamali (2015) finds that pro-activeness, resources leveraging, value creation and customer intensity dimensions of EM have significant positive relationships with business performance. Olannye and Edward (2016) examine the effect of EM on the performance of fast food restaurants in Nigeria. The findings of the study show that pro-activeness, innovation and opportunity recognition dimensions of EM exhibit significant positive effects on firm competitive advantage. Sadiku-Dushi et al. (2019) explore the relationship between the seven dimensions of EM and overall firm performance as measured by efficiency, profit, owner's personal goal and firm and owner's reputation. The results indicate that pro-activeness and calculated risk-taking have negative relationships with overall SME Performance.

2.3.1Conceptual Framework

The conceptual framework is a diagrammatical presentation of variables in the study. As the study aims at examining the effect of marketing strategies on business performance with special reference to the selected small and medium enterprises (SMEs), the research framework designed in the way that represents two interrelated parts, which are marketing strategy and SMEs business performance by classifying these two as dependent and independent variables. The independent variables include: product development marketing strategy, pricing marketing strategy, place marketing strategy, promotion marketing strategy, packaging marketing strategy and after sales service marketing strategy while the dependent variable is the business performance of small and medium enterprises in Addis Ababa. The below conceptual framework is a basic structure that consists of certain abstract blocks which represent the observational, the experimental and the analytical aspects of a process or system being conceived. The framework is adopted from a published study[1] that examines how marketing strategies influence firm performance. The interconnection of these blocks completes the framework for certain expected outcomes.



[1] Adopted from Saif, N.M.A. (2018)

Chapter Three

Research Methodology

3.1 Design of the Study

This study employed Explanatory Mixed-Method design in order to achieve the objective which is to examine the effect of marketing strategies on business performance with special reference to the selected small and medium enterprises (SMEs) in Addis Ababa. This design is a two-phase mixed methods design with the overall purpose that qualitative data helps explain or build upon quantitative results (Creswell, Plano Clark, et al.,2003).

The researcher used this design in a concurrent manner in which both qualitative and quantitative data were gathered at the same time. The qualitative data of the study was designed so that it could draw significant information from selected small and medium enterprise owners/managers and other key informants that would be missed during the quantitative data collection phase.

3.2 Sources of Data

3.2.1 Primary Data

Primary data was sourced out from sampled small and medium enterprises managers/owners, key informants from Addis Ababa city administration SME and Sub-city SME experts.

3.2.2 Secondary Data

The researcher used secondary data sources from related literatures, studies, policies and other relevant documents from the different institutions which works on small and medium enterprises.

3.3 Data Collection methods

As the study employedExplanatory Mixed-Method design, the researcher will use the following data collection methods to draw both qualitative and quantitative data.

3.3.1 In-depth Interview

According to Creswell (2003), in-depth interviews are qualitative interviews with people who know what is going on in the community. The purpose of key informant interviews is to collect information from a wide range of people—including community leaders, professionals, or residents—who have first-hand knowledge about the community. For this specific study, Key Informant Interviews were conducted using well-designed semi-structured interview (SSI) instrument/guides that allow the researchers to dig out information, probe and capture the desired data on effect of marketing strategies on business performance with special reference to the selected small and medium enterprises (SMEs)

3.3.2 Survey

The study employed survey in order to collect valuable data from sample respondents. According to Creswell (2003), Survey is defined as the act of examining a process or questioning a selected sample of individuals to obtain data about a service, product, or process. Data collection surveys collect information from a targeted group of people about their opinions, behaviour, or knowledge. For this specific study, the researcher conducted a survey to draw valuable data from SME owners/managers through the means of well-structured questionnaire adopted from prior published studies. The questionnaires comprise of both open and close ended questions in line with the objective of the study. A five-point Likert scale will be used for closed ended questions. The questionnaire contains two sections each. The first section was to establish the respondent's demographic data while the second section was be to establish the respondents' opinion on the effect of marketing strategies on the performance of SMEs.

3.4 Sampling Design

This section elucidates the overall sampling design that was employed to select respondents and participants for both qualitative and quantitative wings of the study

3.4.1 Description of the Study Area & Population of the Study

The study area located in south west of Addis Ababa, Nifasilklaftosubcityworead 02, compromises areas like Kore, Lebu, German Adebabay, Jemo condominium, Jemo Michael and Koshe areas. In this study, the target population were small and medium enterprise managers operating in Addis Ababa, Nefas silk lafto sub city, Woreda 02. The main reason for the selection of Nefas Silk laftosubcitywored 02 is convenience of the locality to conduct the research and the notion that the SMEs in the city of Addis Ababa resembles each other in terms of their size, scope of operation, assets, breadth of the product range, and so forth.

3.4.2 Sampling Frame

In order to deliberate the sampling frame for the study, the researcher obtained the number of small and medium enterprises and other additional information from the Federal Micro and Small& Medium enterprise development agency (FMSMEA) data base as FMSMEA is the best source of this information as it is the official regulator of SMEs in Ethiopia.

3.4.3 Sampling Techniques

As it is mentioned in the previous section, the study is planned to draw both qualitative and quantitative data. Thus, considering the research design, the researcher will employ the following separate sampling techniques to administer both KIIs and survey questionnaire.

3.4.3.1 Selection of Participants for Key Informant Interviews

Participants of the study will be selected using purposive and/or judgmental sampling based on the opinion of an expert. Judgmental sampling, also called purposive sampling or authoritative sampling, is a non-probability sampling technique in which the sample members are chosen only on the basis of the researcher's knowledge and judgment (Creswell, 2003). Hence, the researcher will use judgemental sampling to determine who should be approached for the Key Informant Interview. At the proposal stage, the researcher proposed to approach the following target participants for the Key Informant Interview.

i. Micro and Small enterprise managers/owners from different sectors who are not part of the survey.

ii. Federal Micro, Small& Medium enterprise development agency (FMSMEA) experts at the federal level and sub-city level.

However, due to time constraint the researcher couldn't collect data from Federal Micro and Small enterprise development agency and Sub-city Micro and Small enterprise development agency.

3.4.3.2 Sampling technique for Survey Respondents

To come up with a representative and appropriate study sample, this study employed stratified sampling technique. According to Creswell (2003), Stratification is the process of dividing members of the population into homogeneous subgroups before sampling. The strata should be mutually exclusive: every element in the population must be assigned to only one stratum. The strata should also be collectively exhaustive: no population element can be excluded. Thus, small and medium enterprise managers will be classified into different business sectors (strata), according to the nature of the business they conducted, like manufacturing, import, export, domestic trade and service, building and construction and transport sectors. The stratification is done, simple random sampling is applied within each stratum. The objective is to improve the precision of the sample by reducing sampling error. The rationale behind the selection of the stratified sampling is the businesses were evenly distributed across the entire sub- city but they do have different sectors to be stratified and from the same sector the research will use a random sampling to draw a representative of the population.

3.4.4 Sample size

For the qualitative wing of the study, the researcher conducted8 key informant interviews from the aforementioned target participants. The number of the key informant interviews was decided by the researcher up on the data saturation. On the other hand, the researcher used the data extracted from FSMEA. According to the data extracted from FSMEA the total number SMEs in the selected region is 1943. Since the number of SMEs in the population is precisely known, the researcher used the Yamane Taro (1967) sample size determination formula as follows;

Sample size (n)= N/[1+N(e)2]

n=332

Where: N= total population

e= level of precision(e=.05)

The researcher used proportional allocation which uses a sampling fraction in each of the strata (different business sectors i.e., manufacturing, import, export, domestic trade and service, building and construction and transport sectors) that is proportional to that of the total population (SME).

3.5 Data Analysis

Before processing the responses, data preparation had been done on the completed questionnaires by coding, entering and cleaning the data. The collected data will be going to be analysed using descriptive statistics. The descriptive statistical tools will help in describing the information and determining the respondents' degree of agreement with the varied statements under each factor. Data analysis will be done using statistical package for social science (SPSS version 20) and Microsoft excel to generate quantitative reports which will be presented in the form of tabulations, percentages, mean and standard deviation.

3.6 Reliability and Validity

Reliability can be defined asthe degree of consistency and accuracy in which the measuring of the toolsdemonstrates under same situation, same studyparticipantsusing the same instrument and should produce the same results under one and the same conditions (Amin, 2005). In determining reliability of the instrument, the researcher carried out a pilot study around Lebu area. This helped in fine-tuning the research instrument and improving its utility in collecting data for the actual study.

Validity is an indication of how sound the research will be. The validity of the instrument was measured using the content validity, which refers to the ability of the instrument to cover all possible aspects of the research topic. To ensure content validity, the researcher incorporated the opinion of research experts and advisor's opinion in designing the questionnaire.

3.7 Ethical Consideration

The researcher tried to make sure that the participants were protected from known or foreseeable harms that could result from their participation in research. The researcher sought consents that provide the prospective participants sufficient opportunity to consider whether or not to participate and to minimize the possibility of coercion or undue influence. The researcher will inform prospective participants whether their records would be kept confidential and explain the level of confidentiality.

3.7.1 COVID-19 Risk Management

The researcher tried to take all the measures of prevention advised by the WHO and precautionary measures suggested on the Ethiopian State of Emergency guideline to protect the study participant and the researcher from the current pandemic, COVID -19. Particularly, in thedata collection process, Wearing Masks, using sanitizers and 2-meter physical distancing in any one on one or group gatherings will be maintained.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS, AND INTERPRETATION

The main objective of the study has been to examine the Effect of Marketing Strategy on Small and Medium Enterprise Performance and in this regard the study has drawn qualitative and quantitative data which was collected in a concurrent manner. This section elucidates the data analysis and major findings the study in two phases. The first phase presents the quantitative data analysis and the second phase presents the qualitative data analysis. The section also provides a discussion of the findings from both qualitative and quantitative data analysis.

4.1 Quantitative Data Analysis

4.1.1 The Questionnaire Response Rate

Once after the data collection was completed, it was tried to sortout and removed data that is incorrect and incomplete questionnaires from the quantitative data collection. This was to make the data ready for the analysis phase.

The data collection survey was administered to the SMEs owners located in south west of Addis Ababa, Nifasilklaftosubcityworead 02, compromises areas like Kore, Lebu, German Adebabay, Jemo condominium, Jemo Michael and Koshe areas. A total of 332 questionnaires were distributed, and of these, 289 were collected back fully filled and completed. Among the total sample, 43(13%) were not responded. This yielded 87% usable questionnaire that could be used for further analysis. According to Creswell (2003), a response rate of 70% is “very good” for further assessment. Therefore, in this case, the response rate of 87% is significant.

4.1.2 Testing of the Research Instruments

The researcher had undertaken validity and reliability test to guarantee the study instruments were valid as well as reliable. The following sections discuss both validity and reliability tests undertaken.

4.1.2.1 Validity Test

Validity is the amount, to which data exactly reflects what they are meant to reflect, i.e., the instrument measures what is supposed to measure (Creswell,2003). In other words, the right questions being asked should help to obtain meaningful and usable responses on concepts under the study. Thus, the purpose of checking validity in the study has been to seek relevant evidence that confirms the answers found with the measurement device which is the nature of the problem.

Accordingly, the questionnaire was developed on the basis of previous study (Njoroge,2015) and review of related literatures and standard questions in order to increase its validity. Besides, the researcher discussed with the advisor about the questionnaires before it is distributed in order to assure the validity of the study. Finally, pilot test was conducted before all the questionnaires are distributed, in order to check whether the respondents understand the questions and respond applicably. This test was also helped the researcher to get valuable comments to modify some questions.

4.1.2.2 Reliability Test

According to Khotari(2004), reliability refers to consistency, where internal consistency involves correlating the responses to each question in the questionnaire with those other questions in the questionnaire. The researcher conducted a pilot survey to 12 SMEs owners in order to ensure the reliability of the instrument.

The reliability of the questionnaire scales of the pilot study was checked using Cronbach's alpha. Cronbach's alpha is measured on a scale of 0 to 1, with 1 indicating perfect consistency. It is unlikely to find perfection, but there should be an acceptable level (Mayers, 2013). According to Creswell (2003), the general rule of thumb is that a Cronbach's alpha of 0.70 and above is good, 0.80 and above is better, and 0.90 and above is best.

Therefore, the overall Cronbach's alpha result of the scales within the 6 items (i.e.Product, Development Strategies, Pricing strategies, Promotion strategies, Place Strategies, Packaging Strategies, After Sales Service Strategies and Performance) of the survey instruments was found to be at the acceptable level which is showed in the following section.

Table 1: Cronbach's alpha result

Reliability Statistics

	Cronbach's Alpha	N of Items
Product Development	.708	4
Pricing strategies	.726	4
Promotion strategies	.725	4
Place Strategies	.739	5

Packaging Strategies	.774	5
After Sales Service Strategies	.742	5
Performance	.820	4
Overall reliability	*.892*	31

Survey result, 2021

4.1.3 Descriptive Analysis

4.1.3.1 Demographic Characteristics of the Respondents

The first part of questionnaire consists of the demographic information of the respondents. This part of the questionnaire requested a limited amount of information related to personal and professional demographic characteristics of respondents. Accordingly, the following variables about the respondents were summarized and described in Table 2.

Table 2: Demographic Information

Demographic and General Information Related			
Variables	Categories	Outcomes	
		Frequency	Percentage
Gender of the Respondents	Male	212	73%
	Female	77	27%
	Total	289	
Age of the Respondents	< 20 years		
	21-30	45	16%
	31-40	177	61%
	41-50	38	13%
	Over 50	29	10%
	Total	289	
Educational Status	Less than secondary school	123	43%
	Certificate Diploma	101	35%
	First Degree	56	19%
	Second Degree and Above	9	3%
	Total	289	
Experience in the Enterprise	< 5 years	95	33%
	6-10 years	135	47%
	11-15 years	45	15%
	Over 15 years	14	5%
	Total	289	
Size of Enterprise	Small	156	54%
	Medium	133	46%
	Other		
	Total	289	

Sub-sector	Manufacturing	67	23%
	Trade	75	26%
	Service	114	39%
	Construction	33	12%
	Total	289	
Number of Employees	< 50	215	74%
	51-100	56	19%
	101-150	13	5%
	151-200	5	2%
	>201		
	Total	289	

According to the above table, the distribution of sex of the respondents shows that 73% of them were male and the remaining 27% were female. Apparently, the majority of the respondents were male and it can be generalize that males owned and/or managed the majority of SMEs.

When it comes to the age of the respondents, the result shows that there wasn't any respondent below the age 20. The majority of the respondents fall within 31-40 which is 61%, followed by the age group of 21-30 which is 16% of the total respondents. The rest 13%, and 10%, found between the age bracket of 41-50 years, >50 years. This shows that the majority of SMEs were owned and/or run by young people.

The educational status distribution of the respondents shows that, 43% of them were less than secondary school, 35% were certificate Diploma holders, 19% of them were First Degree holders, and 3% of them possessed second/Masters Degree and above. Therefore, this result implies that the majority of the respondents had level of education that ranks Certificate-Second degree and above.

Regarding their experience in their expertise, 33% of the respondents had experience below five years. The majority of the respondents (47%) of the respondents indicated that they had a working experience of 6-10 years in the enterprise. While, 15% of them had experience that ranges between 11-15 and 5% of the respondents had over 15% years of experience, 9.3% and 4.9% of them had 15 years of experience. Therefore, this result indicated that most of the respondents had a knowledge basis of customer interaction.

With regard to the size and sub-sectors of the enterprise, the majority of the respondents were from small enterprises which accounted for 54% which followed by the medium enterprise which accounted for 46%. When it comes to the sub-sectors, the majority of the enterprises were engaged in service sub-sector which accounted for 39%. While, the remaining 26%, 23% and 12%, of them were engaged in trade, construction and construction sub-sectors.

Additionally, regarding the number of employees, most of them have < 50 employees which accounted for 74% and followed by the enterprise having 50-100 employees which is accounted for 19%, while the remaining 5% represents enterprises with 101-150 employees and 2% of sample SMEs have 151-200 employees respectively.

4.1.3.2 Descriptive Analysis of the variables

As it was mentioned in the methodology section the survey instrument constitutes questions that were designed to measure the respondents' opinion towards the marketing strategies on a five-point Likert scaleranges from 1 being 'Strongly Disagree' to 5 'Strongly Agree' for marketing strategy and performance dimensions. In order to show the average responses of respondents for each question that was included under each item the mean score was calculated for each construct. The following table summarizes result of descriptive statistics (mean and standard deviation) of each variable

Table 3: Mean score and Standard Deviation

	N	Minimum	Maximum	Mean	SD
Product Development strategies	289	1.5	5.00	3.8215	.68410
Pricing strategies	289	1.8	5.00	3.8445	.70012
Promotion strategies	289	1.8	5.00	3.8575	.65750
Place Strategies	289	1.8	5.00	3.9329	.68928
Packaging Strategies	289	1.3	5.00	3.9440	.66839
After Sales Service Strategies	289	1.3	5.00	3.9440	.73314
Performance	289	1.5	5.00	3.9842	.69092

Source: Survey result, 2021

The researcher adopted measurement scale intervals from published research works. According to the measurement scales, mean scores 4.51-5.00 are excellent or very good, 3.51-4.50 good, 2.51-3.50 average or moderate, 1.51-2.50 fair and 1.00-1.50 is poor (PoonlarBtawee, 1987)as cited by Hailu Demissie (2013). Accordingly, as it is stated on the above table 3, fall in the category of the range between 3.82 and 3.98. This implies that the respondents have a very good opinion on the aforementioned variables (i.e., marketing strategies) would have an effect on the performance of small and medium enterprises. Additionally, all the variables have scored low standard deviation that implies that the data are clustered closely around the mean. This means that the participants of the survey had very close outlook on every single variable surveyed.

4.1.4 Correlation Analysis

In this study correlation analysis was employed to examine the relationship between marketing strategies and business performance of the SMEs. According to Creswell (2003), analysis of correlation measures the strength of association between two variables and the direction of the relationship. In terms of the strength of relationship, the value of the correlation coefficient varies between +1 and -1. A value of ± 1 indicates a perfect degree of association between the two variables. As the correlation coefficient value goes towards 0, the relationship between the two variables will be weaker. The direction of the relationship is indicated by the sign of the coefficient; a + sign indicates a positive relationship and a – sign indicates a negative relationship. Accordingly, the relationship of the variables is presented in following table.

Table 4: correlation matrix

Correlations								
		Product	Price	Promotion	Place	Packaging	After-sales service	**Performance**
Product development strategies	Pearson Correlation	1						
	Sig. (2-tailed)							
	N	289						
Price strategies	Pearson Correlation	.788**	1					
	Sig. (2-tailed)	.000						
	N	289	289					
Promotion strategies	Pearson Correlation	.612**	.696**	1				
	Sig. (2-tailed)	.000	.000					
	N	289	289	289				
Place strategies	Pearson Correlation	.721**	.738**	.781**	1			
	Sig. (2-tailed)	.000	.000	.000				
	N	289	289	289	289			
Packaging strategies	Pearson Correlation	.574**	.672**	.575**	.593**	1		
	Sig. (2-tailed)	.000	.000	.000	.000			
	N	289	289	289	289	289		
After-sales service	Pearson Correlation	.617**	.674**	.622**	.562**	.700**	1	
	Sig. (2-tailed)	.000	.000	.000	.000	.000		
	N	289	289	289	289	289	289	
SMEs Performance	Pearson Correlation	.612**	.781**	.651**	.741**	.596**	.697**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	
	N	289	289	289	289	289	289	289

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

Source: survey, 2021

As it is indicated in the above table, the first highest strong correlationcoefficientsorted out in this study was between pricing variable and performance ($r=0.781$, $p \leq 0.01$) which indicates there is a strong, positive, and significant relationship between pricing and the performance of SMEs. The second highest strong positive and significant coefficient of correlation lies between place and performance ($r=0.742$, $p \leq 0.01$).

After-sales services, Promotion, Product development, packaging variables have also strong, positive, and significance relationships with the performance or SMEs (dependent variable) with ($r= .697$; $r=.651$; $r=.612$ and $r=.596$, $p \leq 0.01$, respectively). On the whole, the correlation matrix presented in table 4, indicates that all the independent variables were positively and strongly correlated with the dependent variable. As it is also indicated on the above table, the numbers next to Sig. (2-tailed) were all 0.000. According to Creswell (2003),if the Sig (2-Tailed) value is greater than 0.05, it can be concluded that there is no statistically significant correlation between two variables. That means, increases or decreases in one variable do not significantly relate to increases or decreases in the second variable.Also, If the Sig (2-Tailed) value is less than or equal to 0.05, the researcher can conclude that the two variables are significantly correlated in the way that increases or decreases in one variable do significantly relate to increases or decreases in the second variable. Therefore, the researcher can indicate that there is a significant correlation between the independent variables and dependent variable.

4.1.5 Regression

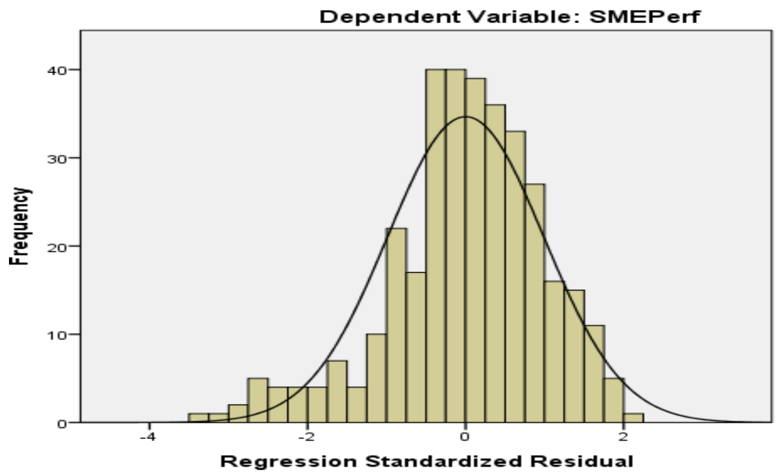
Regression analysis is a statistical tool used to model the relationship between a dependent variable and one or more independent variables. Specifically, regression analysis describes how the typical value of the dependent variable changes when any one of the independent variables increases or decreases, while holding the other independent variables constant. In this study, the assumptions were tested before conducting the regression analysis.

4.1.5.1 The Assumptions for Testing Regression Analysis

- Normality

Normalitytest provides indication about insights gap in the data and outliers. Data that can be represented by this type of ideal, bell-shaped curve as shown in the graph below, which is said to have a normal distribution or to be normally distributed (George and Mallery, 2010). Accordingly, in the following probability plot indicates that the requirement is satisfied and there is no as such major deviation from normality.

Figure 3: Histogram

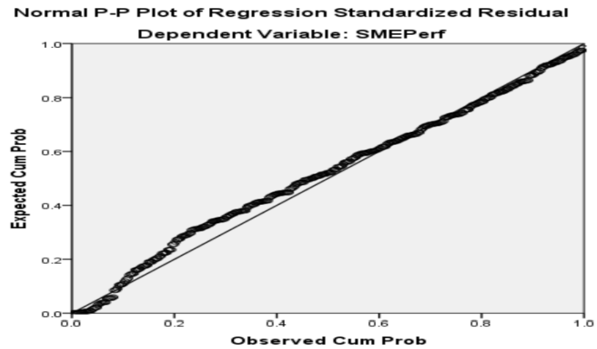


Source: survey result, 2021

- Linearity Test

Multiple linear regression model assumptions assume there is a linear relationship between the independent variables and the dependent variables. Hence, in the case of this study it is assumed that performance of SMEs is linearly related with marketing strategy variables; meaning that the dependent variable performance of SMEs is assumed to be impacted with changes in marketing strategies (the independent variables). This can also be observed in a scatter plot in which scores form a straight line (roughly), not a curve (Pallant, 2005). Linear relationship between the dependent and independent variables is shown on the scatter plot of this study and p-plot diagram presented below shows that the assumption of linearity is satisfied.

Figure 3: Normal P-P Plot

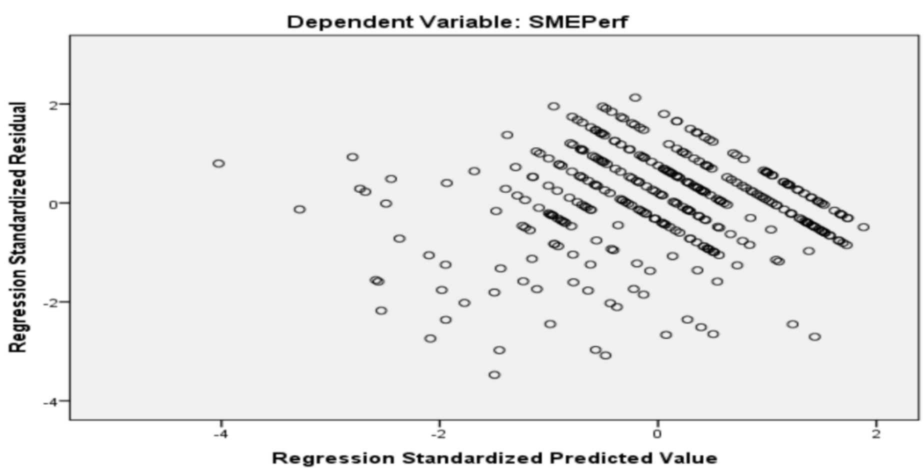


Source: Survey 2021

- Homoscedasticity of the Error Terms

Homoscedasticity is the variability in scores for variables of independent should be similar at all values of variable dependent. Thus, for a basic analysis, it is important to plot Y-axis against X-axis, because the plot is useful to determine whether the assumptions of random errors and homoscedasticity have been met. If there were certain variant, such as organize shaping dot (waves, fuse and narrow), it can be connoted that no homoscedasticity happened. If there were not certain variant, and dots spreads above and below 0 numbers in axis Y, then it can be said that homoscedasticity did happened (Pallant, 2005). The scatter plots showed that there is homoscedasticity. Thus, the assumption is reasonably supported in this study.

Figure 2: Scatter plot



- Multi-collinearity

Multicollinearity is a problem that occurs with regression analysis when there is a high correlation of at least one independent variable with a combination of other independent variables. Sometimes, it will be difficult to identify the unique contribution of each variable in predicting the dependent variable, when variables are highly correlated. Collinearity diagnostics' is part of the multiple regression procedure that can help the researcher to pick up on problems with multi-collinearity that may not be evident in the correlation matrix.

Under collinearity diagnostics, two values are given: Tolerance and VIF. According to Pallant (2005), Tolerance is an indicator of how much of the variability of the specified independent is not explained by the other independent variables in the model. If this value is very small (less than 0.10), it indicates that the multiple correlation with other variables is high, which suggests the likelihood of multi-collinearity. The other value given is the VIF (Variance Inflation Factor), and VIF values above 10 indicate the presence of multicollinearity.

Table 5: multicollinearity test

Coefficients[a]			
Model		**Collinearity Statistics**	
		Tolerance	**VIF**
1	Product	.261	**2.581**
	Price	.467	**2.733**
	Promotion	.340	**2.845**
	Place	.499	**2.026**
	Packaging	.342	**2.240**
	After-sales value	.273	**4.366**
a. Dependent Variable: SMEs Performance			

Source survey: 2021

As stated in Table 5, the collinearity statistics tolerance value ranges from 0.261 to 0.499, and the analysis of variance inflation factors (VIF) value ranges from 2.026 to 4.366. Thus, this shows that there is no multi-collinearity among independent variables. Because, tolerance amount for all variables is greater than 0.10 and VIF are also less than 10.

- Independent errors

For any two observations, the residual terms should be uncorrelated (or independent). This also can be described as an autocorrelation which is tested using Durbin–Watson test, a test for serial correlations between errors (Field, 2005). A value greater than 2 indicates a negative correlation between adjacent residuals, whereas a value below 2 indicates a positive correlation. As a general rule, the residuals are independent (not correlated) if the Durbin-Watson statistic is approximately 2, and an acceptable range is 1.50 - 2.50 (Muluadam, 2015). In this study, the Durbin-Watson test result as it is shown in table 6 is 1.897 which is closer to the acceptable standard of 2.0 shows that there is no autocorrelation problem in the model.

4.1.5.2 Multiple Linear Regression Analysis

In this section the researcher used linear regressions to obtain the r coefficient and r-square that determined the relationship and their effect between the dependent and independent variables. Further, regression analysis helps the researcher to understand how the dependent variable changes when any one of the independent variables is varied, while the other independent variables are held fixed. In this regard, multiple linear regressionswere conducted with the objectives of understanding and predicting the effect of the independent variables on the dependent variable. The regression analysis result is presented in the following table.

Table 6: Model Summary for SME Performance

Model Summary[b]										
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.784[a]	.615	.691	.45019	.615	76.744	6	321	.000	**1.897**
a. Predictors: (Constant), product, Place, price, after-sales value, Promotion, packaging										
b. Dependent Variable: SME Performance										

Source: survey 2021

In the multiple regression Table 6, the value of R square showed that how much of the variance in the performance of SMEs is explained by the model (Pallant, 2001). R (0.784) is the correlation of the independent variables with the dependent variable after all the inter correlations are taken into account. The summary in the table explained, the adjusted R square is .691 or 69.1% of the variance in the dependent variables i.e.,Performance of SMEs was explained by independent variables i.e., the six variables and the other 30.9% is due to other independent variables not included in the model and the random error.

Table 7: ANOVA Result

ANOVA[a]						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	108.877	6	15.554	76.744	.000[b]
	Residual	68.097	321	.203		
	Total	176.974	315			
a. Dependent Variable: SME Performance						
b. Predictors: (Constant), product, Place, price, after-sales value, Promotion, packaging						

The ANOVA tells us whether the model, overall, results in a significantly good degree of prediction of the outcome variable (Field, 2005). Since the significance result on the ANOVA in Table 7 is 0.000 which is $p< 0.05$, R, R2, and Adjusted R2 conducted for the regression analysisproved the presence of a good degree of prediction. The above table that presents the ANOVA indicates the acceptability of the model.

4.1.5.3 The Regression Coefficient Analysis

The following section presents standardize beta coefficient, which tell us the unique contribution of each factor to the model. A high beta value and a small p value (<.005) indicate the predictor variable has made a significant statistical contribution to the model. On the other hand, a small beta value and a high p value (p >.005) indicate the predictor variable has little or no significant contribution to the model. (Ggorgeet al., (2003).

Table 8: Regression coefficient

Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.363	.179		2.030	.043
	Product	.106	.052	.102	2.039	.042
	Price	.201	.053	.237	3.771	.000
	Promotion	.165	.061	.159	2.734	.007
	Place	.122	.052	.192	2.337	.020

	Packaging	.025	.078	.023	0.323	.747
	After-sales service	.232	.080	.113	2.916	.004
a. Dependent Variable: SMEs Performance						

Source: survey, 2021

In order to compare the relative strength of each independent variable's effect on the dependent variable, the standardized regression coefficient Beta (β) can be used (Pedhazur, 1982). The significance level of each variable (P-value) is: .042, 0.000, .007, 0.020, .747, .004 and their standardized coefficients of the independent variables (product, price promotion, place, packaging and after-sales service) are .102, 0.237, 0.159, 0.192,0.023, 0.113, respectively. The p-value of all the independent variables except for packaging is below 0.05. This implies that the independent variables have a significant relationship with the dependent variable (SMEs Performance), but, the packaging hasn't. Therefore, the regression equation based on the variables can be stated as follows.

$$Y= \beta 0+ \beta 1X1+ \beta 2X2+ \beta 3X3+ \beta 4X4+ \beta 5X5+ \beta 6X6+e$$

$$Y= .363+ 0.102X1+ 0.237X2+ 0.159X3+ 0.192X4+ 0.023X5+ 0.113X6+e$$

Where: Y= SMEs Performance (Dependent Variable)

β0 = Intercept β1, β2, β3, β4, β5, β6, = Coefficients of the line

X1= Product

X2= price

X3= Promotion

X4= place

X5=packaging

X6= After-sales value

e= Sampling error

This result indicates, first, the intercept is .363 when all independent variables have a value of zero. Then, moving through the equation, holding price, promotion, place, packaging, After-sales service constant, the Product increases the Performance of SMEs by 0.102 for each additional Product level increment. The p-value for this coefficient is statistically significant ($p<.05$), meaning that Product is a significant predictor of SMEs performance. Accordingly, the finding revealed that the first hypothesis which states "Product strategy has the positive significant effect on the performance of SMEs" is supported as (p-value < 0.05; β=0.102) hence, the alternative hypothesis is confirmed.

When it comes to the second hypothesis which states that the price strategy has positive significant effect on the performance of SMEs is also supported because the P-value of Price strategy is below 0.05 which is (P<0.05; β=0.237) hence the price strategy has the significant positive effect on the performance of SMEs; thus the alternative hypothesis is confirmed.

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

The fourth hypothesis which states, the place strategy has the positive significant effect on the performance of SMEs‟ is also supported because the P-value is 0.020 which is less than 0.05; hence, place strategy has the significant relationship with SME performance. Besides, the regression analysis shows that, the place strategy has positive as well as the significant positive effect on the performance of SMEs (β =0.192; P<0.05).

The fifth hypothesis which states, the Packaging strategy has the positive significant effect on the performance of SMEs‟ is not supported; because the P-value is 0.747 which is greater than 0.05, hence packaging strategy has the insignificant relationship with the performance of SMEs. Besides, the regression analysis shows that the packagingstrategy has weak and insignificant positive effect on the performance of SMEs (β =0.023; P>0.05); hence, the alternative hypothesis is rejected.

The sixth hypothesis which states After-sales service strategy has positive significant effect on the performance of SMEs is also supported because the P-value is 0.004 which is less than 0.05; hence, After-sales service strategy has the significant relationship with SME performance. Besides, the regression analysis shows that, the promotion strategy has positive as well as the significant positive effect on the performance of SMEs (β =0.113; P<0.05).This simply means customers are motivated to buy product that has guaranty contract, installation and effective delivery.

4.2 Qualitative Data Analysis

4.2.1 Emerging Themes from Participants' Response

As it was discussed on the methodology section, the study also has a qualitative partin which the researcher tried to collect a qualitative data from purposively selected SMEs owners and SME office expert through the means of in-depth interviews. The researcher approached SMEs owners which were not part of the quantitative survey from each sector (i.e., manufacturing, trade, service and construction sectors) and conducted interviews. The interview tool was a semi structured interview guide which strives to understand the effects of the marketing strategies on the business performance of SMEs by posing set of questions that ask the participants if marketing strategies (product, price, place, promotion, packaging, and after-sales servive) have effect on their business performance. The following section presents emerging themes from the participants' response.

The effect of Product on SMEs Business Performance

When asked about the effect of Product strategy on SMEs business performance, most of the participants stated that it was one of the many factors that contribute to the growth of their business. The respondents mentioned that the better they got focused on the products they provide to the consumer, the more they became prominent choice of their customers. One respondent quoted " I do believe that it is the quality of the service we give that keeps us standstill in the business arena! (Respondent 1)"

The effect of Price strategy on SMEs Business Performance

The respondents were also asked to describe the effect of price on SMEs Business Performance. All the respondents stated that most of their customers buying decision were influenced by the price of the goods and services they provide. They mentioned that they needed to revise their pricing strategy recurrently by considering the overall market atmosphere in order to keep their customers. They agreed on the point that the price strategy had an effect on their business performance.

The effect of Place strategy on SMEs Business Performance

All the respondents emphasized that place strategy was one of the dominant factors on their business performance. They described that most of the time; the place that they chose to operate had significant effect on the business performance. One of the respondents emphasized “In our enterprise, we think that it is our operating location that keeps affecting our business. Coustomers always tend to choose others enterprises only by their proximity as ours is relatively located at the peripheryof the district (Respondent 3)”. In relation with place, location and proximity were also the themes that were mentioned by the respondents as a factor that influences their business performance.

The effect of Promotion strategy on SMEs Business Performance

According to the interviewees, promotion is the back bone of the business performance. The respondents mentioned that most important purpose that a promotion serves was that it sets a business apart from its competitors. One of the respondents said “No business will ever need to run any promotions if there wasn't any competition. You have to stay ahead of your competitors in order for customers to keep doing business with you(Respondent 7).”

The effect of Packaging strategy on SMEs Business Performance

The interviewees mentioned that packaging also had an impact on the business performance since it could help new customers get familiar with the brand produced. They also mentioned that Package should be made in a way that the product could be conveniently taken from one place to another and can be handled easily by middlemen or consumers in order to increase sales. One of the respondents said “packaging shows the quality and increase the customers interest to buy products (respondent 2)”.However, the respondents mentioned that packaging strategy was the most neglected one among others since it was perceived as an additional cost for the enterprises.

The participants also stated that after-sales service plays an important role in customer satisfaction and customer retention. According to their thought, after-sales value generates loyal customers and increases a brand value. However, they mentioned that they seldom used the after-sales strategy due to lack of internal consistency within their business firms.

Generally, the qualitative data shows that the marketing strategies have an outstanding effect on the business performance of the SMEs when applied in a carefully designed and consistent manner.

4.3 Discussion of the Results

The overall objectives of the study were to examine the effect of marketing strategies on business performance with special reference to the selected small and medium enterprises (SMEs) in Addis Ababa. The regression coefficients (Beta Coefficients) between the marketing strategy and performance have positive values. Hence, there were no inverse relationships between the marketing strategy variables and performance.

Specifically, Price is the strongest predictor of the Small and Medium Enterprise performance because it has the highest Beta coefficient result ($\beta = 0.237$; $p<.05$). The Beta Coefficient result of 0.237 signifies that for a 1-unit change in the independent variable (price), the dependent variable (Performance) will change by 0.237 units. The qualitative data finding also tells that price is one of the most important factors that directly affect the performance. Apparently, the study conducted by Ebitu (2015), was also consistent with this study finding in the way that it found Price has the significant positive effect the performance of SMEs.

Place is the second predictor of Small and Medium Enterprise performance at ($\beta=0.192$; $P<.05$). The Beta Coefficient result of 0.192 signifies that for a 1-unit change in the independent variable (price), the dependent variable (Performance) will change by 0.192 units. In other studies, such as Ambler (2000) also found that distribution channel relationship has a positive effect on market share and performance. The qualitative data finding of this study also shows that place creates convenience for customers and achieves basic, yet significant, benefits such as time, place, form and delivery benefits for service organizations customers. Therefore, the result of this study implies that place has the significant positive effect on the performance SMEs.

Following to Place, Promotion at (β=0.159; $P<.05$) is the next predictor of performance of the SMEs. In relation with this result, the qualitative data shows that that promotion strategy is beneficial for their business. In their study, Adewale et al. (2013) also emphasised that promotion has a positive and significant relationship with business performance. These all implicate that effective promotion of SMEs products/services can improve the organizations performance.

The next predictor is After-Sales service at (β=0.113; $P<.05$). The result of the study indicated that the Beta Coefficient result of 0.113 signifies that for a 1-unit change in place strategy variable, the dependent variable (Performance) will change by 0.113 units. The qualitative data finding shows that respondents asserted that after-sales service is one of the most important marketing strategies that affects their business performance as it typically leads to higher customer satisfaction, brand loyalty, and even word-of-mouth-marketing. Additionally, other researchers (e.g., Ruben, 2012; Saccani, et al., 2007; Raddats, 2011; Goffin and New, 2001) found out that after sales service is a marketing strategy that enhance and establish strong and long relationship with customers, which in long run led to customer satisfaction, retention and profitability.

Product is the other performance predictor of the SMEs at (β=0.102; $P<.05$) The Beta Coefficient result of 0.102 signifies that for a 1-unit change in product strategy variable, the dependent variable (Performance) will change by 0.102 units. The qualitative finding also showed that product is also an important marketing strategy to increase performance as it focuses and considers on new audiences and communities with different packaging and pricing. Apparently, Cavusgil and Zou (1994) also found that better firm performance can be obtained via adapting the product to meet requirements of export customers.

The last predictor is Packaging which has positive effect on the performance of SMEs at (β=0.023; $P>.05$) but, not significant. In relation to this study, another research conducted by Sajuyigbeet (2013), point out that packaging is one of the inevitable communication tools that influence buying behaviour and enhance business performance. However, the P-value of Packaging strategy in this study was 0.747 which is greater than 0.05, hence packaging strategy has the insignificant relationship with the performance of SMEs.This result was also triangulated with the qualitative finding and it is implicated that the SMEs considered packaging as an extra costeven though it has an effect on their business performance.

Table 9: Summary of Hypothesis Testing

Hypothesis	Analysis Used	Findins		Result
H_1	Multiple Regression	β = 0. 102; p<.05	Positive Significant	***Supported***
H_2	Multiple Regression	β = 0. 237; p<.05	Positive Significant	***Supported***
H_3	Multiple Regression	β = 0. 159; p<.05	Positive significant	***Supported***
H_4	Multiple Regression	β = 0. 192; p<.05	Positive Significant	***Supported***
H_5	Multiple Regression	β = 0. 023; p>.05	Positive Significant	***Not Supported***
H_6	**Multiple Regression**	**β = 0. 113; P<.05**	**Positive Significant**	***Supported***

Source: survey result, 2021

CHAPTER FIVE

SUMMARY OF MAJOR FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

The purpose of this chapter is to verify if the research questions were answeredand the objective met. Thus, the chapter begins with summary of major findings, conclusions, and recommendations.

5.1 Summary of Major Findings

Related literatures were reviewed, regarding the methodology, mixed method explanatory research design was employed. Moreover, 289 five-point Likert scale questionnaires were distributed to SMEs owners and managers. Additionally, 8 in-depth interviews were conducted with SME owners who were not part of the quantitative survey, The quantitative data was analysed using SPSS and it is checked for reliability using Cronbachalfa, descriptive, correlation, and regression analysis were used to explore the relationship among variables and thematic analysis was used to analyse the qualitative data. The data analysis found out the following key findings.

- In this study, the mean scores range between 3.51 and 4.50. This implies that the respondents have a good opinion on the aforementioned variables (i.e., marketing strategies) draw an effect on the performance of small and medium enterprises. Additionally, all the variables have scored low standard deviation that implies that the data are clustered closely around the mean.
- The correlation result indicates that all the independent variables were positively and strongly correlated with the dependent variable
- The regression analysis result revealed that the first hypothesis which states “Product strategy has the positive significant effect on the performance of SMEs.” is supported as the p-value (0.042) is less than 0.05.

- The second hypothesis that states that price strategy has positive significant effect on the performance of SMEs is also supported because the P-value of Price strategy is below 0.05 which is ($P<0.05$; $\beta=0.237$)
- The third hypothesis stating Promotion strategy has positive significant effect on the performance of SMEs is also supported because the P-value is 0.007 which is less than 0.05
- The fourth hypothesis was also supported as the place strategy has positive as well as the significant positive effect on the performance of SMEs ($\beta = 0.192$; $P<0.05$).
- The fifth hypothesis which states the Packaging strategy has the positive significant effect on the performance of SMEs is not supported as the P-value is 0.747 which is greater than 0.05.
- The sixth hypothesis which states After-sales service strategy has positive significant effect on the performance of SMEs is also supported because the P-value is 0.004 which is less than 0.05.
- The p-value of all the independent variables except for packaging is below 0.05. This implies that the independent variables have a significant relationship with the dependent variable (SMEs Performance), but, the packaging hasn't.
- Finally, the regression model drawn was $Y= .363+ 0.102X1+ 0.237X2+ 0.159X3+ 0.1192X4+ 0.023X5+ 0.113X6+e$
- Apparently, the qualitative data used to triangulate the findings from the quantitative data indicated that the marketing strategies have outstanding effect on the business performance of the SMEs. The findings showed that these marketing strategies have a positive outcome on business performance if the business firms design them and use them consistently.

5.2 conclusions

Small and medium enterprises (SMEs) are the backbones for economic growth and development worldwide. By their very nature, SMEs constitute the most feasible and authentic vehicle for self-financing industrial development (Oyebamiji, Kareem & Ayeni, 2013). Marketing strategycan be understood as vital tool for any flourishing business, irrespective of its size, sector, the nature of its work and its objectives (Akroush, 2003). Marketing strategies comprise one of the key functional strategies that Small and Medium Enterprises (SMEs) take up to enhance performance.

Marketing strategy (product, price, promotion and place,) were significantly independent and joint predictors of business performance and each one has its unique contribution and impact to the performance of the small Businesses (Ebitu, 2017). This also shows the importance of the marketing strategy no matter how small the Business may be.

In line with this the researcher conducted scientific study with the objective to examine the effect of marketing strategy (product, price, promotion, place, packaging and after-sales service) on small and medium enterprise performance and the following conclusions are drawn out of the research findings:

The research yielded that the independent variables (i.e., Product, Price, place, promotion, and after-sales service) except packaging strategies have the significant effect on the small and medium enterprise’s performance. Each one has its unique contribution and effect to the performance of the small and medium enterprises businesses. The study conforms to the positions of Ebitu, (2017); Sajuyigbe et al (2013); Chiliya, et al, (2009) and Owomoyela et al, (2013) except the result of packaging which has contrary opinion to the previous researches.Therefore, on the basis of this result, it can be concluded that providing a quality product, offering affordable price with effective promotion strategy and unique mechanisms to provide after-sales service which keeps their customer relationship assures higher business performance of SMEs.

The relationship between dependent and independent variables was analyzed using Correlation analysis and the result showed that all coefficient of correlation of independent variables were positively and strongly correlated with the dependent variable. Further multiple regression analysis was also conducted to verify if the independent variables have the effect on performance. The result revealed that the significance level of each variable i.e., Product, Price, promotion, place, packaging and after-sales value (P-value) is: .042, 0.000, .007, 0.020, .747, .004 and their standardized coefficients are 0.102, 0.237, 0.159, 0.192, 0.23 & 0.113 respectively. The p-value of all the independent variables except for packaging is below 0.05. This implies that except packaging,all the independent variables have a significant relationship with the dependent variable (SMEs Performance).

5.3 Recommendations

Based on the finding of the study, the researcher provided valuable recommendations as follows.

SMEs need deliberate a tailor-made marketing strategy that will help them define clear, realistic and measurable marketing objectives for their business. Accordingly, they should consider the following marketing strategies that will highly contribute to their business performance.

- SMEs should develop a product development strategy that provides a framework for creating new products or improving the performance, cost and quality of existing products. The strategy will help them achieve their business goals, such as entering new markets, selling more to existing customers and winning business from competitors.
- As Price is one of the most important ways in which customers choose between different products and services, SMEs should consider competition in their target market place and customers' reactions to possible product prices when setting a price for the product they produce.
- **Place**is also another important strategy that involves all the decisions in getting the right product to the target market's environment. Therefore, Placement decisions of SMEs, such as accessing the right distribution channels, should take into consideration where customers would expect to find a product or services at their convenience.
- SMEs should design an outstanding tailor-made promotion strategy that considers Advertising, Direct marketing that aims at directly connecting with carefully targeted individuals to cultivate lasting relationships, Personal selling Personal presentation using sales force and Sales promotion that applies short-term incentives to encourage a purchase
- The SMEs should also develop after-sales service such as extended warranty, upgrade in the product, training, discounts, gifts, etc… in order to maintain relationship with the existing customers and attract new ones.

5.4 Limitations and Suggestions for Future Research

The result of this research work will make available a platform for several future study effort. In this study, only small and medium enterprises were taken into consideration. So, it is recommended to conduct similar study and examine the effect of marketing strategy on business performance using large enterprises of the same sector.

Furthermore, it is recommended to examine the factors affecting the relationship between marketing strategies and performance which was not included in this study. According to Ambler, et al (2004), company marketing resources and capabilities and company marketing practice are found to have the mainlydominant effect and are the master moderators on the relationships between the marketing strategy components and the company's performance. Thus, this would be an opportunity for other investigators to examine the factors in future research works.

Additionally, for a better and accurate generalization, it is also recommendable to examine the research model of this study in other sectors with special concern on the context of Ethiopia.

REFERENCES

Abebe Zayede. (2018). *Effect of Marketing Mix Strategy on Performance of SMEs Evidence from Selected Manufacturing Enterprises in Southern Region, Ethiopia. International journal of science and research (IJSR)*. ISSN: 2319-7064 (online).

Aliata, V. L., Odondo, A. J., Aila, F. O., Ojera, P. B., Abong'o, B. E., & Odera, O. (2012). *Infulence of promotional strategies on banks performance*. International journal of Business, Humanities and Technology, *2(5), 169-178.*

Ambler, T, Kokkinaki, F, Puntoni, S. (2004). *Assessing marketing performance: Reasons for metrics selection*. Journal of Marketing Management, 20, 475-498.

Amin, M.E. (2005)*Social Science Research: Conception, Methodology and Analysis. Makerere University Press, Kampala*.

Aremu, M. A. &Lawal A. T. (2012). *Exploring Marketing Strategy as a Catalyst for Performance in Nigerian Telecommunication Industry*. International Journal of Management and Business Studies, 2(4), 65-71

Akroush, N. (2003). *An integrated approach to marketing strategy formulation and implementation*. The University of Huddersfield.

Ayendu, C. A., Oloyede, S. A., Oluwunmi, A. O., &Oyedele, M. O. (2014). The effect of *Marketing Strategies on Corporate Performance of Estate Surveying and Valuation Firms in Kaduna Metropolis of Nigeria*. American International Journal of Social Science, *3(4), 202-209.*

Bintu M. (2017). *Journal of Marketing and Consumer Research*, Vol. 31.

Borden, Neil. H. (1984). *The concept of marketing mix. Journal of Advertising Research*. 1 (9), 27.

Bowersox, D. and Closs D J. (1996). *Logistic Management: An Integrated Supply Chain Process*. New York, McGraw-Hill

Cavusgil, S.T., & Zou, S. (2014). *Marketing strategy-performance relationship: an investigation of the empirical link in export market ventures*. The journal of marketing, 1-21.

Chiliya .N, Herbst.G, and Roberts- Combard.M (2009). *The impact of marketing stratefieson profitability of small grocery shops in South African Townships*. African Journal of Business Management 3 (3), 70 – 79.

Colpan, A. M. (2006). *Dynamic effects of product diversity, international scope and Keiretsu membership on the performance of Japans textile firms in the 1990s*. Asian Business and Management, 5(3), 419-445.

Creswell, J. (2003) *Research Design: Qualitative, Quantitative, and Mixed Methods Approaches. Thousand Oaks, California*. SAGE Publications.

Creswell, J. W. (2003). *Research design: Qualitative, quantitative, and mixed methods approaches*. Thousand Oaks, Calif: Sage Publications.

Doole, I., Grimes, T., and Demack, S. (2006). *An exploration of the management practices and processes most closely associated with high levels of export capability in SEMs*.

Ebitu, E. T. (2016). *Marketing strategies and the performance of small and medium Enterprises in Akwa Ibom State, Nigeria*. British Journal of Marketing Studies Vol. 4(5) pp51-62 ISSN 2055- 0111 print, ISSN 2055-012x (online)

E. Jerome McCarthy (1999). *Basic Marketing: A Managerial Approach*, 13th ed

Field, A. (2005). *Discovering statistics using SPSS*. London: Sage. Google Scholar

Fiona Meehan. 2004. *Female Headed Household in Tigray, Ethiopia:A Study Review*. Rotator, Ås. ISSN: 1503-0601

Gebrehiwot A. and Wolday A. (2001). *Micro and Small Enterprise (MSE) Development in Ethiopia: Regulatory changes and remaining Constraints':* Ethiopian Journal of Economics, Vol X No.2,

George, D., & **Mallery**, M. (**2010**). *SPSS for Windows Step by. Step: A Simple Guide and Reference (10th ed.). Boston, MA*

Goi, C. L. (2005). *Marketing Mix: A Review of Journal of Internet Banking and Commence*,10.

Greenley, G.E., 1984. *An understanding of marketing* strategy. *European Journal of marketing*.

Hair, J. F. (2010). *Multivariate data analysis: A global perspective*. Upper Saddle River, N.J: Pearson Education.

International Labour Organization (ILO). 2003. *Jobs, Gender and Small Enterprises in Africa: Ethiopian Women Entrepreneurs: Going for Growth. Geneva, International Labour Office*. ISBN 92-2-113753-8

Jones. S (2007), *Exploring corporate strategy*: *text & cases*. 8th edition

Kazem, A., and Heijden, B. V. D. (2006). *Exporting firms' strategic choices: the case of Egyptian SEMs in the food industry.S.A.M.* Advanced Management Journal, 71(3), 21-33.

Kemppainen, K., Vepsäläinen, A. P. J., &Tinnilä, M. (2008). *Mapping the structural properties of production process and product mix*. International Journal of Production Economics, 111(2), 713-728.

Kotler, P. and Armstrong, G. (2006).Principles of Marketing, New Jersey, Pearson Education Inc., 10th Edition.

Kotler. P (2000) Marketing Management Millennium Edition, Prentice Hall.

Kotler,P (2007) *Marketing: An introduction*, New Jersey: Pearson Education Inc., 10th Edition.

Lisa Keefe (2007). *Definition of Marketing*. American Marketing Association. pp. 28-29

Myers, David G. *Research in Social Science, Tenth Edition*. New York: Worth Publishers, 2013

McCarthy, E. J. (1960). Basic Marketing: A Managerial Approach. Irwin, Homewood, IL.

Mohammad A.H, Wang A and Sunayya B. (2012). *Investigating on Tourists satisfaction: An empirical study on East Lake. European journal of business and management*. Vol.4 No.7

Njoroge, P. M. (2015). *Marketing strategies and the performance of enterprises in Matuu town, Machakos country, Kenya* (Doctoral dissertation, University of Nairobi).

Ogunmokun, G. O., and Esther, L. L. (2004). *Product development process and performance of export ventures: a study of exporting companies in the People's Republic of China*. Journal of Asia Pacific Marketing, 3(2), 84-98.

OyebamijiF.F, Kareem T.SandAyeni G.O, (2013). *Impact of job satisfaction dimensions on job performance in a small and medium enterprise in Ibadan, South Western, Nigeria*. Interdisciplinary Journal of Contemporary Research In Business. 4 (11), 509 – 521.

Owomoyela S.K, Oyeniyi K.O and Ola O.S, (2013).*Investigating the impact of marketing mix elements on consumer loyalty: An empirical study on Nigerian Breweries Plc*. Interdisciplinary Journal of Contemporary Research in Business. 4 (11), 485 –496.\

Pallant, J. (2010). *SPSS survival manual: A step by step guide to data analysis using SPSS*. Maidenhead: Open University Press/McGraw-Hill.

Pedhazur, E. J., & Kerlinger, F. N. (1982). *Multiple regression in behavioral research: Explanation and prediction*. New York: Holt, Rinehart, and Winston.

Rahel W. and Issac P. 2010. *Growth Determinants of Women-Operated Micro and Small Enterprises in Addis Ababa*. Journal of Sustainable Development in Africa, 12(6). Clarion University of Pennsylvania, Clarion, Pennsylvania. ISSN: 1520-5509

Robert Lauterborn, (1990). *New Marketing Litany*: 4Ps Passe; C-Words Take Over," p. 26.

Saif, N.M.A. (2018). *How does Marketing Strategy Influence Firm Performance? Implementation of Marketing Strategy for Firm Success*. International Journal of Innovation and Economic Development, *1(3)*, 7-15.

Sajuyigbe A.S, Ayanleke S.O and Ola O.S (2013). *Impact of packaging on organizational sales turnover:a case study of PatterzonZoconist Cussons (pz) Plc, Nigeria.*InterdisciplinaryJournal Of Contemporary Research In Business. 4 (11), 497 – 508.

Shahriar A. et al. (2009). Journal of Medical Marketing. Vol. 9, 4, 309-317.

Smile D, & Daniel O. (2014). Marketing Strategies and the Performance of SMEs in Ghana. European Journal of Business and Management Vol 6 No. 5

Zeithaml, V.A. (1988) Consumer Perceptions of Price, Quality and Value: A Means-end Model and Synthesis of Evidence. Journal of Marketing, Vol 52 (July), pp. 2-22

Annex 1: Survey Tool

Questionnaire

Greetings!

My Name is Wubneh W/Cherkos. I am a student at Addis Ababa University, school of commerce carrying out a research on the effect of marketing strategies on business performance of small and medium enterprises (SMEs) in Addis Ababa. This research is academic in nature and will be used for academic purpose only. The questionnaire takes a maximum of 25 minutes and any information provided will be treated with utmost confidentiality.

Please tick and fill where appropriate

Section A: Background information

1. **Gender**:Male Female
2. **Age**:≤20years 21-30years 31-40years 41-50 years Over 50years
3. **Educationalstatus**:Lessthansecondaryschool CertificateDiploma 1st Degree
   2nd Degree andabove Ifothers,pleasespecify____________________
4. **Your Experience in the Enterprise**: ≤ 5 years 6-10 years 11-15 years over 15
5. **What is size of your Enterprise**:Small Medium Ifothers,pleasespecify________
6. **What type/sub-sector is your business/enterprise engagedin**?
   Manufacturing Trade Service Construction
7. **How many employees your enterprisehas**?

≤50 51-100 101-150 151-200 ≥201

Section B: Product Development Strategies

8. This section aims at establishing the product development strategies adopted by the small; and medium enterprises. Use the following scale as appropriate

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

Statements	**1**	**2**	**3**	**4**	**5**
SMEs do not offer a broad product line					
SMEs have products with broad market appeal					
SMEs are not efficient in meeting customer wants					

SMEs develop and test their products to conform their adaptability and suitability to the target customers					

Section C: Pricing strategies

9. Evaluate the following statements on pricing strategies. Use the following scale as appropriate.

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

Statements	**1**	**2**	**3**	**4**	**5**
Pricing is not a basis for competition among small and medium enterprise					
SMEs have quality transportation to deliver their products to the markets.					
SMEs price are higher as compared to standard quality					
Market orientation of a product is not important for a product pricing					

Section D: Promotion strategies

10. Evaluate the following statements on promotion strategies. Use the following scale as appropriate

1-Strongly disagree 2-Disagree 3-Nutral 4-Agree 5-Strongly agree

Statements	**1**	**2**	**3**	**4**	**5**
Existence of promotion					
SMEs do not advertise their products through various media					
SMEs focus on customers' needs and integrating all activities of the organization to satisfy those needs					
SMEs promotional strategy elicit attention, interest, desire and action					
SMEs introduce new products in design and style					

Section E: Place Strategies

11. Evaluate the following statements on place strategies. Use the following scale as appropriate

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

Statements	**1**	**2**	**3**	**4**	**5**
SMEs aren't accessible to customers					
SMEs have a reliable channel of distribution for their products					
Location of small and medium enterprise affects performance and distribution of the products.					
Place strategy outline how and where the SMEs will place their products or services to gain market share.					

Section F: Packaging Strategies

12. Evaluate the following statements on place strategies. Use the following scale as appropriate

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

Statements	**1**	**2**	**3**	**4**	**5**
SMEs product packaging are not attractive to customers					
SMEs packaging are more convincing to buy the product					
SMEs packaging have good containers to transport the product					
SMEs packaging are not good for storage the product					

Section G: After Sales Service Strategies

13. Evaluate the following statements on place strategies. Use the following scale as appropriate

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

Statements	**1**	**2**	**3**	**4**	**5**
SMEs continuously contact their customers after sales concluded.					
SMEs do not provide warranty for their goods sold to the customers.					
SMEs accessible to provide support to customers on the how to use the product after sales.					

Section H: Performance

14. To what extent do marketing strategies adopted by enterprises influence performance of SMEs

Not at all ( )

Minimal extent ( )

Moderate extent ( )

Large extent ( )

15. Please indicate the extent at which your business performance has grown in the following areas due to marketing.

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**
Our customers are satisfied					
Our customers receive value					
My company has the ability to absorb new customers					
High market share compared to our competitor					
Increasing profit					

Annex2: Semi-Structured Interview Guide

1. Do you think your product positively affect the business performance that you are running currently? How? Please explain?

2. What is the effect of promotion on your business performance? Could you support your answer with evidence/ tangible company experience?

3. What is the value of place on your business performance? How well it benefits your company?
4. Have you ever experienced the positive effect of price on your business performance? Please explain?
5. What is the effect of packaging on business performance? What kinds of packaging do you use to optimise your business performance?
6. Does your company use after sales service? If yes, how well it optimises your business performance?
7. Of all the aforementioned ones, which marketing strategy supported you to optimise your business performance? Please support your answer by stating your reasons.

Thank you!