

Addis Ababa
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**The Impact of Marketing Mix Strategy on organizational
Profitability in the case of Horizon Addis Tyer S.C**

Distance Learning Program

Department Of Marketing Management

**In Partial Fulfillment of the Requirements for the Award of
Master of Arts Degree in Marketing Management**

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**THE IMPACT OF MARKETING MIX STRATEGY
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SIMEGN DESALEGN BIRRU



**ADDIS ABABA UNIVERSITY
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**A THESIS SUBMITTED TO THE SCHOOL OF
GRADUATE STUDIES OF ADDIS ABABA UNIVERSITY
IN PARTIAL FULFILLMENT OF THE
REQUIREMENTS FOR THE DEGREE OF MARKETING
MANAGEMENT**

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DECLARATION

I hereby declare that the thesis entitled “**The impact of Marketing Mix Strategy on organizational Profitability in the case of Horizon Addis Tyer S.C**” is my original work and has not been submitted by anyone for any degree in any university. All the materials used for the study have been duly acknowledged.

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Acronyms/ Abbreviations

Acronyms/abbreviation

ATC-Addis Tyre Share Company

B2B - Business To Business

COMESA- Common Market for East and South Africa

HATSC- Horizon Addis Tyre Share Company

ISO-International Standard Organization

OEM - original equipment Manufacturer

PLC- Product life cycle

PLC – Private limited company

S.C- Share Company

S .P.S.S –Statistical package for social sciences

Three Cs- customer, competition and corporation

4Ps – product, price, promotion and place

ABSTRACT:

This research paper investigates the impact of marketing mix strategy on organizational profitability in the case of Horizon Addis Tyre Share Company. The survey research design method was used in this study which involves using a questionnaire in collecting data from forty six (46) respondents. The instrument used in this study is a close-ended questionnaire. Correlation coefficient and multiple regression analysis were used to analyze the data with the aid of statistical package for social sciences (SPSS) version 20. The results show that the independent variables (i.e Product, Price, Promotion and Place) were significant joint predictors of business performance in term of profitability ($F(4, 40) = 41.449$; $R^2 = 0.806$; $P < .05$). The independent variables jointly explained 80.6% of variance in profitability. Subsequently, recommendation were made to Horizon Addis Tyre Share Company to produce quality products; charge competitive prices, position appropriately, , engage in after sales service and provide other distinctive functional benefits to consumers.

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

CHAPTER ONE

INTRODUCTION

1.1 Background Of The Study

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

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

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

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

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

(b) a good match between corporate strengths and the needs of the market; and (c) superior performance, relative to the competition, in the key success factors of the business.

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

The primary concern of every business organization is to make profit and to achieve this objective; it behaves the marketing manager of any rational business organization to formulate and implement policies and plans which will maximize the profit per unit of capital employed in the business. Profitability depends largely among other things on a suitable price policy which in itself is influenced by cost and market situation factors. In all endeavors, consumer's satisfaction must be seriously anticipated right from the onset. However, the relationship between satisfaction and profit realization is not always a cordial one as posited by Falk (2007). Kotler (1976) posited that the understanding of consumer requirement is vital to successful marketing just as competition is important at influencing how successful an organization's business venture can be. It is imperative to note that it is not simply a matter of producing a good product or service alone that meet the customers' wants and needs that give customer satisfaction, but how well the product or service is introduced to them. In one way or the other, some firms and companies are able to do this but some are more successful in the market place than others.

The purpose of this study was to assess the impact of marketing mix strategies on a company's profitability. This study is expected to be significant importance to: Horizon Addis tyre managers in developing effective marketing strategies that enable them succeed in the long term.

1.2 Back Ground Of The Company

The production of tyres in Ethiopia goes back to 1972, when Addis Tyre S.C. (ATC) the first of its kind in the country, was established with a yearly production capacity of 60,000 tyres and 45,000 tubes and a total labor force of 260 people. Major inputs and raw materials for tyre manufacturing are imported from Malaysia, India, China, Indonesia, Egypt and Europe. Natural Rubber is one of the major inputs. After subsequent joint venture formation between Addis Tyre S.C. (Government Owned) and the Slovakian renowned tyre manufacturer, MATADOR A.S. was established in June 2004 and the operation commenced in July 2004 with the hybrid trade name MATADOR-Addis Tyre S.C. However, due to shift in business focus, MATADOR-Addis Tyre S.C. transferred its share to Continental AG on October 23, 2007. Continental AG, the world known German tyre manufacturer company, has bought all Matador holding companies in Slovakia, Russia and Ethiopia. Due to lack of concentration of continental AG, there was no significant progress on the commitment of MATADOR-Addis Tyre S.C. in terms of upgrading the existing Bias tyre technology and commencement of Truck Radial tyre production.

Continental AG rather preferred to sale its share to a potential strong national investor who can discharge all joint venture obligations. It was then, that the dedicated and committed investor for the development of Ethiopia, Sheikh Mohammed H. Al- Amoudi, decided to buy the share of Continental AG through one of his group companies Horizon Plantation P.L.C. in January 2011. Since the ownership transfer the name of the company changed to Horizon Addis Tyre S. C. and currently the Horizon Plantation P.L.C owns 100% share of the company.

Currently the company produces two and three wheelers Tyres, Industrial Tyres, Construction and Agricultural Tyres, Passenger Vehicles Bias and Radial Tyres, Light Trucks Bias and Radial Tyres Truck & Bus Tyres.

The future perspective of horizon Addis Tyre S.C. thus includes, among others, of improving quality and performance of existing nylon products, introducing new product category especially light truck and truck radial tyres. Innovation in manufacturing practices for higher productivity and consistent quality products and developing technical know-how are in the immediate programs of the company. With improvement in production capacity, horizon Addis Tyre S.C. would like to also tap existing market potentials of COMESA which could generate commensurate foreign currency for the country. To realize the company's visions in the short

term, it is planned to implement light truck radial tyre expansion project with a capacity of about 200,000 tyres annually by the end of year 2015. A technical Assistance Agreement has been signed with continental AG that will enable Horizon Addis Tyre S.C. to acquire technology know how and capacity building of making 15” & 16” light truck radial tyres. Moreover, Bajaj tyre, Farm tyre, OTR tyre and Industry tyre manufacturing projects are under implementation. The project study for the manufacturing of truck and bus radial tyres is also presently under final stage. The company has created job opportunity to date, for 760 workers while the number will increase to 850 with the implementation of the envisaged project.

The company’s vision Being a leading brand in Ethiopia, HATSC secures and ensures 60% market share in the local market and 10% of its production volume to the COMESA region in year 2025.and its mission HATC develops and manufactures all types of bias and radial tyres which are perfectly compatible to Ethiopia and COMESA region; by utilizing skillful and experienced professionals and by investing in the state of the art technology from world reputable companies; where Quality, safety, fair price, accessibility and money back guaranty are pillars of our management philosophy.

Horizon Addis Tyre S.C. is committed to produce best quality tyres by meeting customer’s as well as applicable statutory and regulatory requirement. The top management is committed to establish, implement and continue to maintain a quality management system that complies with the requirement of ISO 9001:2008.

The quality policy is thus directed towards achieving the following objectives,

- Achieving customer satisfaction on an ongoing basis
- Alleviating problems that could hamper quality and productivity
- Continual improvement of products and processes through the development and review of quality objectives. they are committed to meeting the expectations of our customers, provide a safe and healthy working environment that will foster teamwork, creativity, competence and encourage an attitude of ‘Do the right thing the first time and all the time’ by everyone.

Horizon Addis Tyre S. C. sets annual company level and departmental quality objectives for effective operation and efficient resource utilization that enable it to meet even to exceed customers' expectations in all aspects. Horizon Addis Tyre Share Company is committed to manage environmental impact as an integral part of its operations.

1.3 Statement Of The Problem

It is natural that every business organization whether small or large, private or government, domestic or international operate in a turbulent and uncertain environment. In the context of changing customer expectations, technological discontinuities, increasing environmental uncertainties, business managers have a big challenge of making the right strategic choice and setting their strategic priorities in order to allocate their resources to different functions in an efficient manner for business success. Due to this, managers must develop new tools, new concepts, new strategy and the new mindsets to cope with the turbulent and chaotic environments leading to discontinuous change (Jain, 1997).

Likewise Horizon Addis Tyre S.C faced with some problems while practicing/implementing the marketing mix strategy with respect to organizations' profitability. The major problems that currently face the company are first, there was high price based competition in the tyre market the reason behind that is ,there is a number of tyres that imported by different importer which provided to the market at low price because the products were produced at low cost by foreign companies which have long time experience and the other reason is that the company has three outlets and 28 distributors all the distributors who worked by commission as a result they sell products at different price. Second there was problem to meet immediate demands, the other problem observed was because of attitude towards domestically produced products there were a question of durability (quality) by customer. This and other problems compromised or mitigated with efficient and effective marketing mix strategy. This study attempted to assess the impact of marketing mix strategy on Horizon Addis S.C's profitability.

1.4 Research Questions

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

- How does Marketing mix strategy impact /influence profitability in Horizon Addis Tyre S.C?

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

- ❖ To what extent product strategy influence profitability in Horizon Addis Tyre S.C?
- ❖ To what extent pricing strategy influence profitability in Horizon Addis Tyre S.C?
- ❖ To what extent promotion strategy influence profitability in Horizon Addis Tyre S.C?
- ❖ To what extent place/distribution strategy influence profitability in Horizon Addis Tyre S.C?

1.5 Objective of the Study

1.5.1 General Objective

The general objective of this study is to assess the impact of marketing mix strategy on profitability in the case of HAT.

1.5.2 Specific Objectives

Considering the general objective, the study addressed the following specific objectives: -

- ❖ To determine the extent to which product strategy influences profitability in Horizon Addis Tyre S.C.
- ❖ To examine the extent to which pricing strategy influences profitability in Horizon Addis Tyre S.C.
- ❖ To investigate the extent to which promotion strategy influence in profitability in Horizon Addis Tyre S.C.
- ❖ To scrutinize the extent to which place/distribution strategy influences in profitability in Horizon Addis Tyre S.C.

1.6 Research Hypothesis

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

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

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

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

1.7 Significance of the Study

The ultimate goal of any business establishment is to remain in business profitably through production and sale of products or services. Without optimal profit, a business firm cannot survive. One of the core activities in a business company is having a well developed marketing strategy. The ultimate success or failure of a company depends on its marketing strategies. The initial investigation revealed that much has not been done on this core activity, or at least, it has been a neglected area.

The study was therefore, intended to help the company management to redirect their attention to this highly essential function. The study was focused on how marketing mix strategy used in order to enhance, maintain and attract customers and to maximize profitability. The study will worth doing because it will help the company to look at its problems, to take in to the alternative consideration, and to give basic knowledge about marketing mix strategy and their significance in the Tyre industry.

1.8 Scope of the Study

Marketing mix strategies practices encompasses vast areas of managerial practices. However, it was difficult and unmanageable to conduct the study in all areas that summarizes marketing mix strategies practices in terms of time, finance, and research manageability. Therefore, the scope of this study delimited to marketing mix strategies practices and profitability of Horizon Addis Tyre S.C. The subject scope of this study was also delimited to the company's point of reference

towards product strategy, pricing strategy, place/distribution strategy and promotion strategy practice. The researcher is obliged to conduct the research on head office customers due to the time and financial constraint. Methodologically, employees who are under certificate educational level not included in the study.

1.9 Limitation of the Study

Among the major limitation the study was conducted on the organization sides which uncover the other stakeholders such as customers, government (government regulation on industries) and this factor limited the outcome of the research.

1.10 Definition of Terms

Marketing is the process of planning and executing the conception, pricing, promotion and distribution of ideas, goods and services to create exchanges that satisfy individual and organizational goals (Kotler, 2002). According to Kotler (2002) marketing is a social process by which individuals and groups obtain what they need and want through creating, offering, and freely exchanging products and services of value with others.

Strategy is the determination of the basic long-term goals and objectives of an enterprise, and the adoption of courses of action and the allocation of resources necessary for carrying out these goals (Chandler, 1962). Strategy is a process of translating perceived opportunity into successful outcomes, by means of purposive action sustained over a significant period of time. Strategy is the direction and scope of an organization over the longer term ideally, which matches its resources to its changing environment, and in particular, to its markets, customers and clients to meet stakeholder expectations (Johnson and Scholes, 1993).

Marketing mix is the set of tactical marketing tools product, price, place, and promotion that the firm blends to produce the response it wants in the target market. Marketing tools or the marketing mix or often referred to as the four P's (The Four Ps of the Marketing Mix) (Kotler and Armstrong, 2012).

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

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

Price is the amount of money charged for a product or service, or the sum of the values that consumers exchange for the benefits of having or using the product or service (Kotler et al., 2005).

Promotion is the function of informing, persuading, and influencing the consumer's purchase decision (Kurtz and Boone 2006)

Place is all the company activities that make the product or service available to target customers (Kotler et al., 2005).

Profitability is the percentage of total benefit costs which measures revenue minus total costs (Ivanovic, 1998).

1.1 Organization of the Study

The research paper was organized into five chapters: Chapter one deals with the introduction part consisting of background of the study, statement of the problem, research questions, research objectives, significance of the study, scope of the study, limitation of the study and definition of terms. The second chapter discussed the review of related literatures about the subject matter, in chapter three was focus on research methodologies chapter four was contained data analysis interpretation and discussions of the result. Finally chapters five was covered conclusions and recommendations.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.1 Introduction

This chapter presents a review of studies that have been done in the past. The specific areas Covered include the theoretical literature review, Empirical Literature Review and conceptual framework.

2.2 Theoretical Literature Review

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

2.2.1 Strategy Overview

Strategy is fundamentally about two things the first one is deciding where you want your business to go and the other one is deciding how to get there. Strategy is originally a Greek word coming from the military origins, Nowadays this word is use in business organizations. There are different definitions of strategy. However, for the purpose of this study, we must select a definition. According to Subhash C. Jain (1999) a “strategy” is a plan that integrates an organization’s major goals, policies, decisions and sequences of action into a cohesive whole. It can apply at all levels in an organization and pertain to any of the functional areas of management. Thus there may be production, financial, marketing, personnel and corporate strategies, just to name a few.

2.2.1.1 Marketing mix strategies

McCarthy (2011) defines strategy as a direction and scope for an organization in meeting long term objectives by configuring its resources in the present dynamic business environment. According to Nagle & Holden (2012) strategy is an underlying concept in strategic management. However, the marketing mix are a set of controllable or the tactical tools in marketing which are used by an organization so as to meet the needs and demands in the target market. Therefore, the marketing mix strategies includes all the responses of a firm in ensuring

that the target market positively influence their product demand. Firms who aspire to meet the customer needs often have to focus on understanding the customers and developing appropriate strategies to improve their performance. The following section provides a discussion based on the 4Ps of marketing mix strategies.

2.2.1.2 Product Strategy

Marketers broadly define a product as a bundle of physical, service, and symbolic attributes designed to satisfy consumer wants. It is a total product concept that includes decisions about package design, brand name, trademarks, warranties, guarantees, product image, and new-product development. Product strategy specifies market needs that may be served by different product offerings. It is a company's product strategies duly related to market strategies, which eventually came to dominate, overall strategy and the spirit of the company. Product strategies deal with such matters as number and diversity of products, product innovations, product scope, and product design.

2.2.1.2.1 Product Positioning Strategy

Position of a product refers to a relative location in customer's mind among opponent products. Positioning is the development of the image of a product directly against to the competitor products and other products produced by the company's (Mustafa K. 2002). Positioning can be formed according to the specific features, benefits or the usage of the product, and also a positioning can be developed as directly against the major opponent or as being different from the opponent.

2.2.1.2.2 Product Elimination Strategy

The product elimination decision is a decision of great strategic importance in today's increasingly competitive marketplace (Mitchell .M.A., Taylor .R.D., FarukTanyel. F., 2004). An examination of the literature on product elimination suggests that there are two basic strategies which a company may follow once a product has been scheduled for removal according to (Avlonitis, George J., and James, Bert G.S., 1982). In the latter case, the company carries the product at a reduced level of promotion and costs to maximize its remaining value. Certainly, as the current economic environment has shifted the decision

to drop unprofitable and obsolete products from an important to a critical position in corporate strategy, the actual disposal of such products in an economical and efficient way will, undoubtedly, demand more attention (George J. Avlonitis, 1983).

2.2.1.2.3 New Product Development Strategy

Products do not remain economically viable forever, so new ones must be developed to assure the survival of an organization. The creation of new products is the lifeblood of an organization. For many firms, new products account for a sizable part of growth in sales and profits. Among possible actions, new products can be a source of competitive advantage because they can be used to reinforce a firm's strategic direction by enhancing its competitive advantage in the market (Thomas, R. J. 1993). Operations strategy must be designed to contribute to corporate strategy (Skinner, 1969).

2.2.1.2.4 Product Identification

Product identification is another important aspect of marketing strategy. Products are identified by brands, brand names, and trademarks. A brand is a name, term, sign, symbol, design, or some combination thereof used to identify the products of one firm and to differentiate them from competitive offerings.

2.2.1.2.5 Product Mix Strategy

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

2.2.1.2.6 Marketing Strategies through the Product Life Cycle

Successful goods and services, like people, pass through a series of stages from their initial appearance to death; this progression is known as the product life cycle. Humans grow

from infants into children; they eventually become adults and gradually move to retirement age and, finally, death. The four stages through which successful products pass are introduction, growth, maturity, and decline. Most product lifecycle curves are portrayed as a bell shape (Lancaster, G. A.,2004). The product life cycle concept provides important insights for the marketing planner in anticipating developments throughout the various stages of a product's life.

2.2.1.2.7 Product Life Cycle Stage

2.2.1.2.7.1 Marketing Strategies: Introduction Stage

In the early stages of the product life cycle, the firm attempts to promote demand for its new market offering. Because neither consumers nor distributors may be aware of the product, marketers must use promotional programs to inform the market of the item's availability and explain its features, uses, and benefits. New-product development and introductory promotional campaigns are expensive and commonly lead to losses in the first stage of the product life cycle. Firms focus their selling on those buyers who are the readiest to buy, usually higher-income groups. Prices tend to be high because costs are high due to relatively low output rates, technological problems in production, and high-required margins to support the heavy promotional expenditures. In this stage slow sales growth is observed as the product is introduced in the market (Kotler,P., Keller,K.L., Koshy,A., Jha,M.,2009) .

2.2.1.2.7.2 Marketing Strategies: Growth Stage

Sales climb quickly during the product's growth stage as new customers join the early users who are now repurchasing the item. Person-to-person referrals and continued advertising by the firm induce others to make trial purchases. The company also begins to earn profits on the new product. But this encourages competitors to enter the field with similar offerings. Price competition appears in the growth stage, and total industry profits peak in the later part of this stage. To gain a larger share of a growing market, firms may develop different versions of a product to target specific segments (Kotler, p. et al (2009).

2.2.1.2.7.3 Marketing Strategies: Maturity Stage

Industry sales at first increase in the maturity stage, but reach a saturation level at which further expansion is difficult. Competition also intensifies, increasing the availability of the product. Firms concentrate on capturing competitors' customers, often dropping prices to further their appeal. Sales volume fades late in the maturity stage, and some of the weaker competitors leave the market. Firms spend heavily on promoting mature products to protect their market share and to distinguish their products from those of competitors, profit stabilize or decline because of increased competition (Kotler, p. et al 2009).

2.2.1.2.7.4 Marketing Strategies: Decline Stage

Sales continue to fall in the decline stage of the product life cycle. Profits also decline and may become losses as further price cutting occurs in the reduced market for the item (Kotler, p. et al (2009)). The decline stage is usually caused by a product innovation or a shift in consumer preferences. The decline stage of an old product can also be the growth stage for a new product.

2.2.1.2.8 Extending the Product Life Cycle

Sometimes it is possible to extend a product's life cycle considerably beyond what it would otherwise be. Some useful strategies include the following: Increase the frequency of use. Persuading consumers that they need to have additional smoke alarms and flashlights may result in increased purchases by each household; add new users; introducing the product abroad might accomplish this; find new uses for the product, change package sizes, labels and product quality. The marketer's objective is to extend the product life cycle as long as the item is profitable. Some products can be highly profitable during the later stages of their life cycle, since all of the initial development costs have already been recovered.

2.2.1.2.9 Marketing Strategy Implications of the Product Life Cycle

The product life cycle concept is a useful tool in designing a marketing strategy that is flexible enough to match the varying marketplace characteristics at different life cycle stages. For instance, knowledge that advertising emphasis will change from informative to persuasive as the product faces new competitors during the growth stage permits the marketer to

anticipate competitive actions and make necessary adjustments. These competitive moves may involve price, distribution (the significant increase in the number of retail stores handling), product variations (introduction of, an executive luxury car, to compete with Mercedes-Benz and BMW), or promotion (the organization has to shift from informative product advertising to persuasive advertising in its competition Sprint for long-distance customers).

2.2.2.2 Pricing Strategies

After a good or service has been developed, identified, and packaged, it must be priced. Price is the exchange value of a good or service. Pricing strategy has become one of the most important features of modern marketing. All goods and services offer some utility or want-satisfying power. Prices help direct the overall economic system. A firm uses various factors of production, such as natural resources, labor, and capital, based on their relative prices. High wage rates may cause a firm to install labor-saving machinery. A large number of internal and external variables must be studied systematically before price can be set. For example: the reactions of a competitor often stand out as an important consideration in developing pricing strategy (Tellis, G. (1986).

2.2.2.2.1 Pricing objectives

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

2.2.2.2.1.1 Profitability Objective

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

2.2.2.2.1.2 Volume Objectives

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

2.2.2.2.1.3 Other Objectives

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

2.2.2.2.2 Factors to be Considered When Setting Prices

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

government).According to Collins, H.G. Parsa H.G., (2006), three common approaches to pricing are defined as follows.

2.2.2.2.1 Cost based pricing

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

2.2.2.2.2 Customer driven pricing

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

2.2.2.2.3. Competition driven pricing

Competition driven pricing is utilized to ensure that a firm achieves its desired market share objective. This approach can often lead to inappropriate price cutting as a firm seeks to gain market share. Although price cuts may assist a firm in achieving a short term sales volume goal, this strategy can be quickly matched by competitors, which initiates a downward spiral of prices. The role of the sales and marketing organization is then to "raise the customer's

willingness to pay a price that reflects the product's true value'' as opposed to merely processing orders at whatever price the consumer is willing to pay (Nagle and Holden, 1995).

2.2.2.3 New Product Pricing Strategy

Pricing can be based on either of two strategies: the skimming price policy or the penetration price strategy.

1. Skimming pricing:-involves setting the price of the product relatively high compared to similar goods and then gradually lowering it. A skimming strategy allows the firm to recover its cost rapidly by maximizing the revenue it receives. But the disadvantage is that early profits tend to attract competition, thus putting eventual pressure on prices.

2. Penetration pricing:-involves pricing the product relatively low compared to similar goods in the hope that it will secure wide market acceptance that will allow the company to raise its price. Penetration pricing discourages competition because of its low profits. It is often used when the firm expects competition with similar products within a short time and when large-scale production and marketing will produce substantial reductions in overall costs.

2.2.2.4 Pricing Strategies for Established Products

An examination of existing prices may lead to one of three strategic alternatives; maintaining the price, reducing the price, or increasing the price.

1. Maintaining the prices: - If the market segment from which the company drives a big position of its sales is not affected by changes in the environment, the company may decide not to initiate any change in its pricing strategy.

2. Reducing the prices: - There are three main reasons for lowering prices. First, as a defensive strategy, prices may be cut in response to competition. In addition, to successfully compete in mature industries, many companies reduce prices, following a strategy that is often called value pricing. A second reason for lowering price is offensive in nature. Following the experience curve concept, costs across the board go down by fixed percentage every time experience doubles. Technology advances have made possible the low cost production of high quality electronics gear.

3. Increasing price:-is mostly occurred during a period of inflation, all types of costs go up, and to maintain adequate profits, an increase in price becomes necessary. How much the price should be increased is a matter of strategy that varies from case to case (Kotler K. & Garry Armstrong G., 2006).

2.2.2.5 Pricing Adjustment Strategies

Companies usually adjust their basic prices to account for varies customers' differences and changing situations. Some of the pricing adjustment strategies are; discount and allowance pricing, segmented pricing, psychological pricing, promotional pricing, value pricing, geographical pricing and international pricing (Kotler P, 2007).

2.2.3 Promotion Strategies

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

2.2.3.1 Promotional Mixes

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

2.2.3.1.1 Advertising strategy

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

Ms: Mission: What are the advertising objectives? Money: How much can be spent? Message: What message should be sent? Media: What media should be used? Measurement: How should the results is evaluated?

2.2.3.1.2 Sales Promotion Strategy

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

2.2.3.1.3 Public Relations Strategy

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

2.2.3.1.4 Personal selling strategy

Brassington&Pettitt(2000) define personal selling to be a two-way communication tool between a representative of an organization or individuals or group, with the intention to

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

2.2.4 Distribution Strategies

After products are produced and priced, they must be distributed to the marketplace. All organizations perform a distribution function. Many companies do not sell their products directly to end users. Distribution strategies are concerned with the channels a firm may employ to make its goods and services available to customers. Decisions about marketing channels, which help producers deliver goods and services to their target markets, are among the most critical facing management, because the channels that are chosen intimately affect all of the other marketing decisions. The two major components of an organization's distribution strategy are distribution channels and physical distribution. The distribution channels are the paths that goods and title to them follow from producer to consumer. They are the means by which all organizations distribute the goods and services they are producing and marketing.

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

2.2.4.1 The Functions of Marketing Intermediaries

Marketing intermediaries perform various functions that assist in the operation of the distribution channel. These functions include buying, selling, storing, and transporting. These intermediaries perform a variety of functions and constitute marketing channels that is also referred to a trade channel or distribution channel (Kotler and Keller, 2008). Intermediaries often provide other channel members with important marketing information. By buying a manufacturer's output, intermediaries provide the necessary cash flow for the producer to pay workers and buy new equipment. By selling, they provide consumers and other intermediaries with want-satisfying goods and services. The buying/selling function of intermediaries brings efficiency to the distribution channel.

2.2.4.2 Types of Distribution Channels

The primary channels of distribution are shown below. The first four channels are typically used to distribute consumer goods and services, while the last two are commonly used for industrial goods and services.

A) Producer to Consumer: - A direct channel from producer to consumer is used for most services but relatively few products. An artist who sells their creations at an art show is an example of this distribution channel, door to door purchases, Catalogs, and internet.

B) Producer to Retailer to Consumer: - Some food processors and manufacturers distribute their products directly to retailers. The apparel industry has many producers that sell directly to retailers through their own sales forces. Some manufacturers set up retail outlets in order to maintain better control over their channels.

C) Producer to Wholesaler to Retailer to Consumer: - The traditional channel for consumer goods, distribution to wholesalers, is used by thousands of small manufacturers that cannot afford to maintain an extensive field sales force to reach the retailing sector. Some of these manufacturers employ technical advisors to assist retailers and to secure marketing information, but they are not directly involved in the selling effort.

D) Producer to Wholesaler to Wholesaler to Retailer to Consume: - Several wholesalers are common in the distribution of agricultural (canned and frozen foods and cotton) and

petroleum products (gasoline). An extra wholesaling level is required to divide, sort, and distribute bulky items.

E) Producer to Industrial User: - The direct channel from producer to user is the most common approach to distributing industrial goods and services. This channel is used for nearly all industrial products except accessory equipment and operating supplies.

F) Producer to Wholesaler to Industrial User: - The indirect channel from producer to wholesaler to user is used for some industrial items. It is also used for small accessory equipment and operating supplies that are produced in large lots but sold in small quantities.

2.2.4.3 Selecting a Distribution Channel

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

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

B) Product Factor: - In general, products that are complex, expensive, custom made and perishable move through shorter distribution channels. Boeing sells its 747 jet aircraft directly to British Airways and other commercial airlines.

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

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

2.2.5 Marketing mix strategies and performance

The marketing mix is a long term plan on action which is used in order to help a firm to gain its competitive advantage over its competitors. The competitive advantage is sustainable when competitors cannot imitate their source of competitiveness or when no other firm conceives a better offering (Baron, 2010). In a study by Riordan et al. (2012) asserted that performance is viewed as a multidimensional construct and that the level of performance of a firm differs based on a number of factors that characterize the industry. It has been argued that the use of marketing mix strategies has been done so as to have a more direct related marketing practice with the outcomes. Effective marketing mix strategies have greatly contributed towards improved business performance in different aspects of a firm such as the growth in sales volume, the level of the return on investment as well as maintenance of the goodwill. This implies that effective marketing mix strategies strengthen the level of competitiveness and the market share. In another study by Kurtz & Boone (2011), effectiveness of marketing mix strategies affects the level of the application of strategies that influence performance of firms. The study argued that challenges which marketers face are in terms of their inability of showing the level of effectiveness of their marketing mix strategies.

2.2.6 Empirical Literature Review

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

Kiprotich (2012), did a study on effects of 4ps marketing mix on sales performance of automotive fuels of selected service stations in Nakuru town. The research employed the research design called questionnaire design. The oil marketers' performance is significantly

influenced by the 4 ps. Each of the elements however carries a unique contribution to sales performance of automotive fuels in the selected stations in Nakuru town.

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

On the research topic Marketing Strategies and Their Impact on Marketing Performance of Indonesian Ship Classification Society by Budi RustandiKartawinata and AdityaWardhana (2013) .In this research, were considered as consists of which includes the implementation of market strategies which include segmentation strategy ,targeting strategy. And positioning strategy (STP) and marketing mix strategies which include product strategy, price strategy, distribution strategy, promotion strategy, process strategy, physical evidence strategy, and people strategy (7Ps), meanwhile the performance of the marketing of covering the sales volume, profit, and market share. The empirical results of this study show the marketing strategies consist of market strategy and marketing strategy which directly affect the marketing performance partially and simultaneously at Indonesian Classification Society's customers. The market strategy gives

the impact on marketing mix strategy. Marketing strategies (consist of market strategies and marketing mix strategies) and marketing performance of Indonesian Ship Classification Society in general shows good condition. The dominant factor in the market strategies is targeting. The dominant factor in marketing mix strategies is distribution. The dominant factor in the marketing performance is sales volume.

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

2.2.7 Conceptual Frame- work

The various elements discussed under this heading include marketing mix strategy (product strategy, pricing strategy, place strategy and promotion strategy) and marketing performance in terms of profitability. Below is the model of the literature review:

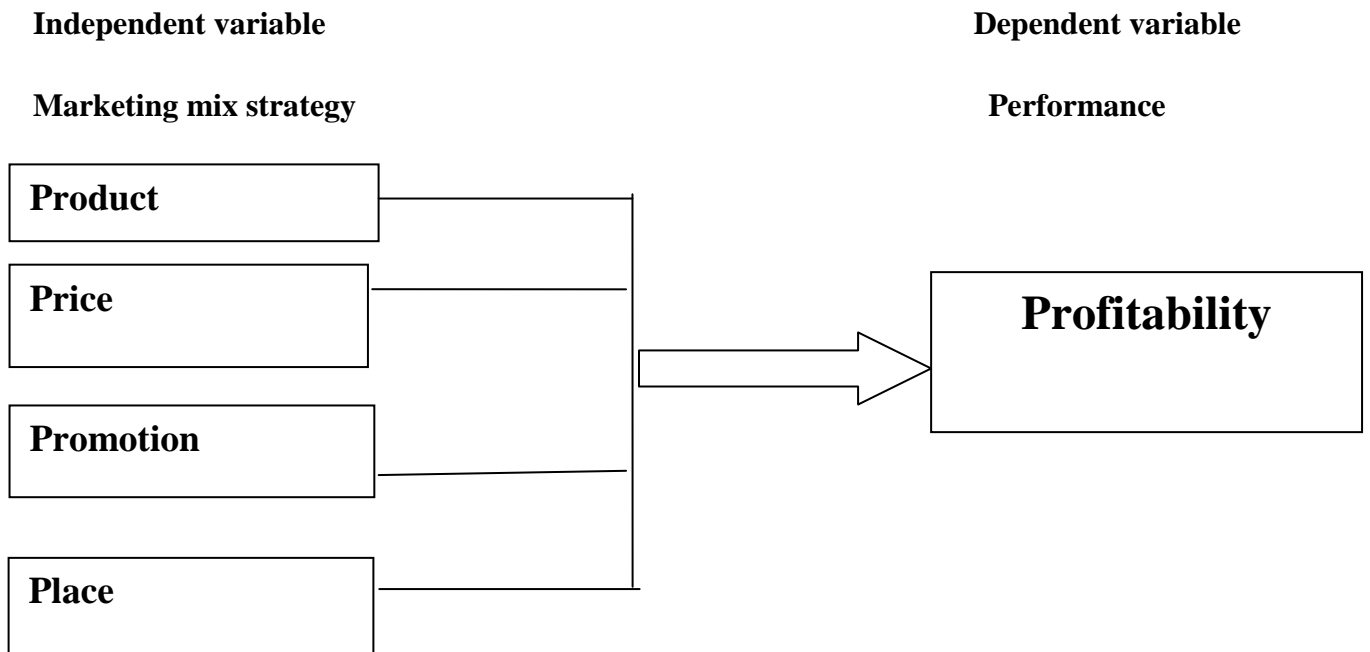


Figure 2.1 Conceptual framework

Source:Developed for the study based on Emmanuel Ayuba& Roselyn (2014) with modification.

CHAPTER THREE

RESEARCH METHODOLOGY

INTRODUCTION

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

3.1 Description Of The Study Area

The study was conducted on Horizon Addis Tyre S.C which is located in Addis Ababa Ethiopia Akakikality sub city Debrezeit road. Horizon Addis Tyre company creates job opportunity for about 773 employees and it is the only tyre manufacturing company in the country.

3.2 Research Approach

The three methods that were commonly implemented in a research are quantitative, qualitative and mixed, where one of them is not better than the others, all of this depends on how the researcher want to do a research of study(Creswell, 2005). Creswell (2005) asserted that quantitative research is a type of educational research in which the researcher decides what to study, asks specific, narrow questions, and collects numeric (numbered) data from participants, analyzes these numbers using statistics, and conducts the inquiry in an unbiased, objective manner. Variables can be defined as attributes or characteristics of individuals, groups, or sub-groups of individuals (Creswell, 2009).Quantitative method is a study involving analysis of data and information that are descriptive in nature and qualified (Sekaran, 2003). Quantitative approach is one in which the investigator primarily uses postpositive claims for developing knowledge, i.e., cause and effect relationship between known variables of interest (Creswell, 2009). Therefore, in terms of methods, this research employed quantitative method while conducting the study.

3.3 Research Design

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

The researcher used the Cross-sectional field survey method to assess the relationship between marketing mix practices and organizational profitably performance of Horizon Addis Tyre S.C. In the cross-sectional field survey, independent and dependent variables were measured at the same point in time by using a single questionnaire. In addition the study was also said to be associational in design because there was the intent to establish the relationship between dependent and independent variables. The researcher was selected the sample from the target population by using non probability sampling particularly purposive sampling technique.

Hence, after the data were collected, the data analyzed by using mean, frequency , correlation, Particularly Pearson's correlation and regression analysis technique to show the effect of independent variables on the dependent variable.

3.4 Sampling Design

3.4.1 Target population

The population of the study was employees who work in Horizon Addis S.C and who have certificate and above. The case company had 773 employees Out of this 357 were not target population due to education level and out of concerned departments the remaining 416 were target population.

3.4.2 Sample Size

The selection of the respondents was carried out by using non probability sampling particularly purposive sampling (expert purposive sampling). From the target population the sample was selected by using Carvalho's sample size determination.

Table 3.1 Carvalho’s sample size determination

Population Size	Small	Medium	Large
51-90	5	13	20
91-150	8	20	32
151-280	13	32	50
281-500	20	50	80
501-1200	32	80	125
1201-3200	50	125	200
3201-10000	80	200	315
10001-35000	125	315	500
32001-150000	200	500	800

Source: Carvalho (1984)

By referring the above table for this study the target population is 416 employees out of these 50 samples were taken from Marketing, Sales, customer support Purchasing, Production process planning department, Product industrialization and quality assurance department etc....

3.5 Data Sources And Types

The researcher use primary and secondary data for the entire analysis of this study. The information was gathered through questionnaire which is developed by other researcher odunlami (2013), and modified to this research context. From the selected sample of respondents/ employees of Horizon Addis tyre S.C the data collected through questionnaires where used as primary data, and journal articles, written documents ,Internet web sites, and document reports from Horizon Addis Tyre S.C was referred and used as secondary sources.

3.6 Data Collection Procedures

There are two sources of data namely, primary and secondary source. In this research both primary and secondary sources of data was utilized through Questionnaires from the selected sample of respondents/ employees of Horizon Addis tyre S.C.

The primary data was collected through questionnaire which is distributed to employees of the company.

Questionnaire: close ended questionnaire in a 5 point likert scales was used to collect data from the sample respondents. The questionnaire had 5 rating scales ranging from 1- strongly disagree to 5 strongly agree. Data gathered through questionnaires were simple and clear to analyses and it will allow for tabulation of responses and quantitatively analyzes certain factors. Furthermore it is time efficient for both the respondents and researcher. The questionnaire was structured in such a way that it includes all relevant parts of and information to clearly inform the respondents.

3.7 Data Analysis

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

3.7.1 Quantitative Data Analysis

The data obtained through the questionnaires were first check for completeness. The questionnaires found correctly filled and fit for analysis was coded and all the data entered into statistical package for social sciences and analyzed using descriptive statistics. The descriptive statistics used included mean and frequency to analyze the general information to investigate the marketing mix practice and Pearson correlation regression model was used to assess the impact of marketing mix practice on the case company's profitably performance. These were then present using tables which was easier interpretation.

The general form of the model for the multiple regressions can be specified as:

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + e$$

The left-hand variable, Y, represents the dependent variable in the model, which is the organizational profitability. X contains the set of explanatory variables in the estimation model, β_0 is the constant, β represents the coefficients and e is the error term.

Therefore, the model for the multiple regressions, built in line with the hypotheses of the study, is given as follows:

$$PRF = \beta_0 + \beta_1(PDT) + \beta_2(PRC) + \beta_3(PRO) + \beta_4(PLA) + e \text{ -----(1)}$$

Where: PRF = Profitability, PDT = Product, PRC= Price, PRO =Promotion, PLA = Place

3.8 validity and reliability

3.8.1 Validity

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

All the subjects were completed the questionnaires in the presence of the researcher. This was done to prevent subjects from giving questionnaires to complete on their behalf.

3.8.2 Reliability

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

Table 3.2: Cronbach’s alpha value

Variable	Item	Cronbach's alpha
Product	8	0.702
Price	7	0.814
Promotion	7	0.869
Place	4	0.806
Profitability	8	0.926
Overall	34	0.966

Source: research 2017

Table 3.2 Reliability Cronbach's alpha

3.9 Ethical Consideration

Research in business/tyre industry was found to be very boring. In the country where the importance of research was still unidentified, the researcher expect to suffer a lot to convince the importance of this research to improve business. Even in some managers and employees were not quite positive to handle questionnaires. However it is research ethics to gather necessary information with patience till the researcher concluded everything that he/she needs from respondents. All information that were collected from the respondents were treated with confidentiality without disclosure of the respondents' identity. Moreover, no information was modified or changed, hence information gotten was present as collected and all the literatures collected for the purpose of this study was appreciated in the reference list.

CHAPTER FOUR

Data Analysis Interpretation and Discussions

INTRODUCTION

In this chapter data that were collected to examine the relationship between organizational profitability and marketing mix strategy practice are interpreted and analyzed using SPSS (version 20). The data was collected by using the questionnaire that were developed in five scale ranging from five to one where 1 strongly disagree ,2 disagree ,3 neutral,4 agree and 5 strongly agree. A total of 50 questionnaires were distributed to employees of Horizon Addis and 46(92%) were obtained valid and used for analysis. This chapter mainly contains data analysis interpretation and discussion.

4.1 Profile of Respondents

Table 4.1: Demographic information of respondents

Descriptions of Respondents	Response	
	Number	Percentage
A) Gender		
Male	34	73.9
Female	12	26.1
Total	46	100.0
B) Age(years)		
Under 25years	6	13.0
25-35years	32	69.6
36-45years	2	4.3
46 years and above	6	13.0
Total	46	100.0
C) Educational level		
Certificate	3	6.5
Diploma	10	21.7
BA/BSC	32	69.6
MA/MSC/MBA or above	1	2.2
Total	46	100.0
D) Position		
Department Manager	5	10.9
Division head	11	23.9
Senior officer	27	58.7
Officer	2	4.3
Other	1	2.2
Total	46	100.0
E) Service years in H.A.T		

Less than 1 year	10	21.7
1-2 years	13	28.3
3-4 years	10	21.7
5 years and above	11	23.9
Unfilled	2	4.3
Total	46	100,0

Source: Questionnaire analysis, 2017.

From the above information about 74% employees were male and the least amount 26% staffs were females. The age of majority employees were between 25 and 35 years old that accounts 69.6%. Employees who were under 25 years are 13% and from 36 to 45 years old are 4.3% and were 46 years and above 13%. This indicates that there is a potential advantage for working by young employees especially to achieve future objectives of the company's marketing mix strategy and the young employees are more eager to work.

When we saw the level of education, 69.6% of the respondents were BA/BSC holders and 21.7% were Diploma holders, 6.5% Certificate holders, whereas 2.2% were second degree or above. Here, we can conclude that all the respondents are educated and more than Certificate holders. This implies that it is a good advantage for marketing mix strategy application and gives the organization a competitive advantage because nowadays the companies compete with imported products. In addition to, all respondents were expected to understand the questionnaire and respond correctly. With respect to the position of the respondents, 58.7% were senior officer and the lowest numbers fall in senior managers and officers. This indicates that, it is a fact that in every organization there are few managers and many employees that signify a few manager plans the activity and ordered the lower level employees of the company to do it.

To end, the highest number of respondents (28.3%) have experienced of 1 to 2 years in the company. (23.9%) of the respondents had 5 years above of experience, (21.7%) respondents had Less than 1 year experience, (21.7%) respondents had 3 to 4 years of experience in the company.. Generally, senior officers and managers are knowledgeable about the marketing mix strategy practices and activities of the company.

4.2 Marketing Mix Strategies

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

4.2.1 Extent of product strategy practices implement in the case organization

8 questions which help to gather information about the extent of product strategy practice was distributed to the employees of the case company and the result gained was summarized in the table below.

Table 4.2 Mean result for product elements

product elements	N	Mean	Std. Deviation
product varieties to meet customers satisfaction	46	4.35	.482
The brand name influences organization profitability	46	4.33	.634
customers complain about the product	46	3.82	.936
products meet customers' requirements	46	3.91	.709
The product packaging is effective	46	3.00	1.025
The company products quality is very good	46	3.85	.988
The organization gives product warranty	46	4.39	.682
Other departments cooperate with the marketing department to ensure product quality	46	4.24	.656

Source: Own survey, 2017

Table 4.2 summarizes the responses of participants on the product, using a scale where 5 representing “Strongly Agree”, 4 representing “Agree”, 3 representing “Undecided”, 2 representing “Disagree” or representing 1 “Strongly Disagree”.

The results in Table 4.2 indicate that the company were produces varieties of products in meeting customers’ satisfaction (mean = 4.35); The brand name influences organizational profitability (mean = 4.35); Customers complain about the quality of products (mean = 3.00) this indicate that some products failed to meet the expectation of the consumers ; offer products meet customers’ requirements (mean = 3.85); The packaging is effective (mean = 3.73); offer product warranty (mean = 4.39); Other departments in the company cooperate with the marketing department to ensure quality products (mean = 4.24). The results indicate that product element enabled the company to meet customer needs above average.

4.2.2 Extent of pricing strategy practices implement in the case organization

7 questions which help to gather information about the extent of pricing strategy practice was distributed to the employees of the case company and the result gained was summarized in the table below.

Table 4.3 Mean result for price elements

pricing elements	N	Mean	Std. Deviation
The price of the product are appropriate	46	4.34	.645
The pricing decision allow for discounts	46	4.42	.657
The pricing decision allow for payment period	46	4.33	.769
The pricing strategy give room for large customer bass	46	4.27	.499
The pricing strategies contribute to the achievement of objective/profitability	46	4.16	.688
The pricing decision allows credit terms	46	4.39	.618
The company respond quickly to market change	46	3.81	.958

Source: Own survey, 2017

Table 4.3 summarizes the responses of participants on the price, using a scale where 5 representing “Strongly Agree”, 4 representing “Agree”, 3 representing “Undecided”, 2 representing “Disagree” or representing 1 “Strongly Disagree”. From the result above, the price of the product are appropriate (Mean = 4.34); The pricing decision allow for discounts (mean = 4.42); The pricing decision allow for payment period (mean = 4.33) The pricing strategy give room for large customer bass (mean = 4.27);. The pricing strategies contribute to the achievement of objective/profitability (mean = 4.16);The pricing decision allows credit terms(mean = 4.39); the company uses pricing skills and systems to respond quickly to market changes (mean = 3.81);From the results, the companies pricing strategy considers the

competitors before deciding the selling price of the company products, this will enable the customers to purchase the products of the company as the cost is comparative with the competitors.

4.2.3 Extent of promotion strategy practices implement in the case organization

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

Table 4.4 Mean result for promotion elements

promotion elements	N	Mean	Std. Deviation
people know products based on promotional strategy	46	3.93	.800
The company use advertising as promotional strategy	46	4.41	.498
The company use sales promotion as promotional strategy	46	4.04	1.010
The company use personal selling as promotional strategy	44	3.52	1.229
The company use publicity as promotional strategy	46	3.73	1.074
The company use direct marketing as promotional strategy	46	3.75	1.349
The company promotional strategy influence profitability positively	46	3.91	.755

Source: Own survey, 2017

Table 4.4 summarizes the responses of participants on the promotion, using a scale where 5 representing “Strongly Agree”, 4 representing “Agree”, 3 representing “Undecided”, 2 representing “Disagree” or representing 1 “Strongly Disagree”.

The results on the use of promotion by the company was that the companies promotional strategy caret product awareness (mean = 3.93); the company applies advertising as one of the promotional strategy (mean = 4.41) and the company applies sales promotion as one of the promotional strategy (mean = 4.04); the company applies personal selling as one of the promotional strategy (mean = 3.52);the company applies publicity as one of the promotional strategy (mean = 3.73);the company applies direct marketing as one of the promotional strategy (mean = 3.75);the company promotional strategy influences the profitability positively (mean = 3.91).The results show that the company“ promotional strategies play a vital role in the creation of awareness and also this influence the company profitability positively .

4.2.4. Extent of place/Distribution strategy practices implement in the case organization

4questions which help to gather information about the extent of promotion strategy practice was distributed to the employees of the case company and the result gained was summarized in the table below.

Table 4.5 Mean result for place/distribution elements

place/distribution elements	N	Mean	Std. Deviation
customers get products through distribution channels	42	4.33	.721
the location of the product is accessible	46	4.07	.854
the channel coverage is effective	46	3.00	1.033
the transportation system is effective	46	3.67	.967

Source: Own survey, 2017

Table 4.5 summarizes the responses of participants on the promotion, using a scale where 5 representing “Strongly Agree”, 4 representing “Agree”, 3 representing “Undecided”, 2 representing “Disagree” or representing 1 “Strongly Disagree”. The result shows that place

marketing strategy enables the customers get products through distribution channels (mean = 4.33) and Locations of the products aid accessibility (mean = 4.07). The channel coverage is moderately effective(mean = 3.00)this show that the company fail in customer satisfaction related to channel coverage ;the transportation system is effective(mean = 3.84),The results show that place/distribution strategy averagely effectively.

4.3 Extent of profitability in the case organization

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

Table 4.6 Mean result for profitability elements

profitability	N	Mean	Std. Deviation
the company product strategy result maximum profitability in last three years	46	4.07	.712
the company pricing strategy result maximum profitability	46	4.13	.749
the company promotion strategy result maximum profitability	46	3.80	.833
the company distribution strategy result maximum profitability	46	3.70	1.030
the company marketing mix strategy result maximum profitability	46	4.00	.760
customers derive satisfaction as a result of marketing mix strategy	46	3.80	.859

place strategy assure product accessibility	46	3.67	1.012
promotional strategy create product awareness	46	4.20	.619

Source: Own survey, 2017

Table 4.6 summarizes the responses of participants on the promotion, using a scale where 5 representing “Strongly Agree”, 4 representing “Agree”, 3 representing “Undecided”, 2 representing “Disagree” or representing 1 “Strongly Disagree”.

The results indicate that marketing mix elements affects the profitability of the company as it increases profitability related to product strategy (mean = 4.07); increases profitability related to product pricing strategy (mean = 4.13); increases profitability related to promotion strategy (mean = 3.80); increases profitability related to distribution pricing strategy (mean = 3.70); the company marketing mix strategy result maximum profitability (mean = 4.00). From the results, marketing mix elements influence profitability performance of the company as it results in an increase in profit, increased customers satisfaction, increased product accessibility and increased product awareness.

4.4 Relationship between Marketing Mix Strategies and Profitability

The relationship between marketing mix strategies (product, pricing, promotion and place) and Horizon Addis Tyre S.C Profitability was tested by using linear regression analysis. The following show the Pearson correlation coefficient, model summary, ANOVA and coefficients of regression.

4.4.1 Correlation between of marketing mix strategy Practices and Organizational profitability

In this section we are going to analyze the linear relationship marketing mix strategy practices includes product, pricing, promotion and place strategy practice with the organization profitability performance.

Table 4.7: Correlation between marketing mix strategy practices and organizational profitability performance

Correlations

		Product	Price	Place	promotion	Profitability
Product	Pearson Correlation	1				
	Sig. (2-tailed)					
	N	46				
Price	Pearson Correlation	.860**	1			
	Sig. (2-tailed)	.000				
	N	45	45			
Place	Pearson Correlation	.277	.292	1		
	Sig. (2-tailed)	.063	.051			
	N	46	45	46		
Promotion	Pearson Correlation	.695**	.713**	.562**	1	
	Sig. (2-tailed)	.000	.000	.000		
	N	46	45	46	46	
Profitability	Pearson Correlation	.621**	.681**	.720**	.814**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	46	45	46	46	46

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

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

Source: Questionnaire analysis, 2017

From the above Pearson correlation coefficient analysis table 4.6, we can see that place and promotion strategy practice have positive and strong linear relationship with the organizational profitability performance of HAT with the Pearson correlation coefficient value of ($r = 0.720$) and ($r = 0.814$) respectively. And it's statistical significant at less than 0.01. On the other hand, product and pricing strategy practice are moderately correlated with organizational profitability performance with correlation coefficient value of 0.621 and 681 at a significant value less than of 0.01.

4.4.2. Multiple regression analysis

4.4.2.1. Regression between Marketing Mix strategy practices and Organizational Profitability Performance

Regression analysis is conducted to know by how much the independent variable explains the dependent variable. At this point the independent variables are marketing mix strategy practices and the dependent variable is organizational profitability performance.

Table 4.8: Regression analysis model summary between marketing mix strategy practices and Organizational Profitability Performance

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.898 ^a	.806	.786	.315	.806	41.449	4	40	

a. Predictors: (Constant),

b. Source: Own survey, 2017

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

And according to the above regression analysis model summary table, marketing mix strategy practices have strong positive linear relationship with organizational profitability performance with the r value of 0.898. And the adjusted R Square value depicted that, 79% of the total variability in organizational profitability performance is explained by marketing mix strategy practices.

Table 4.9:Regression analysis ANOVA table between marketing mix strategy practices and Organizational Profitability Performance

ANOVAa

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	16.435	4	4.109	41.449	.000 ^b
	Residual	3.965	40	.099		
	Total	20.401	44			

a. Dependent Variable: profitability

b. Predictors: (Constant), place, product, promotion, price (Marketing mix strategy practice of the HAT S.C)

The significance level is 0.00 which is less than 0 .01. This indicates that the model was statistically significant at the 5% level of significance.

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

But, as it is shown in the above ANOVA table p- value for both is 0.000 and which is less than 0.05 and it is statically significant. So we conclude that there is very strong evidence to reject the

null and accept the alternative. Since the p-value is statically significant we can say that there is supported relationship between marketing mix strategy practices and profitability.

4.4.2.2 Multicollinearity test of the independent variable

Model	Collinearity Statistics	
	Tolerance	VIF
1		
Product	.245	4.082
Price	.234	4.280
Promotion	.335	2.985
Place	.657	1.523

a. Dependent Variable: profitability

Source : research 2017

Table 4.10 Multicollinearity test of the independent variable

The result in the above table show that the collinearity between independent variables has no series problem Since the value of tolerance for all independent variable is greater than 0.1 and all VIF is less than ten ($VIF < 10$).

4.4.2.3 Regression analysis coefficient

To investigate the significant factors of marketing mix strategy that influence organizational profitability in Horizon Adiss Tyre S.C, multiple regression model were computed.

Table 4.11 Regression Coefficients

Model	Un standardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	.348	.387		.900	.374
1 Product	.010	.169	.009	.062	.951
Price	.313	.149	.303	2.103	.042
promotion	.365	.120	.364	3.026	.004
Place	.409	.082	.428	4.973	.000

a. Dependent Variable: profitability

Source : research 2017

According to the regression equation established, taking all the four marketing mix strategies into account constant at zero, performance of the case company will be 0.348. The data findings analyzed also shows that taking all other independent variables at zero, a unit increase in product strategy will lead to a 0.010 increase in organizational profitability of the case of company; a unit increase in price strategy will lead to a 0.313 increase in the case company profitability; a unit increase in promotion strategy will lead to a 0.365 increase in profitability performance of company and a unit increase in place strategy will lead to a 0.409 increase in profitability of the case company.

$$\hat{Y} = 0.348 + 0.010 X_1 + 0.313 X_2 + 0.365 X_3 + 0.409 X_4$$

4.5 Hypothesis Testing

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

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

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

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

The results of multiple regression as presented in table 4.11 illustrate there is a strong positive and significant relationship between product and organizational profitability with a beta value of 0.348, at 95% confidence level. From this the researcher concluded that the alternative hypothesis that product will have significant and positive effect on organizational profitability is supported by the data set and the null hypothesis is rejected or not supported by the data set. (Ezekiel tom, 2016) suggested that product strategy is a major determinant of organizational profitability.

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

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

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

The result of multiple regression as presented in table 4.11 illustrate there is a strong positive and significant relationship between pricing strategy and organizational profitability. With a beta value of 0.313, at 95% confidence level. From this the researcher concluded that the alternative hypothesis that Pricing strategy will have significant and positive effect on organizational

profitability is supported by the data set and the null hypothesis is rejected or not supported by the data set.

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

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

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

The result of linear regression as presented in table 4.11 illustrate there is a strong positive and significant relationship between promotion strategy and organizational profitability with a beta value of 0.365, at 95% confidence level. From this the researcher conclude that the alternative hypothesis that Promotion strategy will have significant and positive effect on organizational profitability is supported by the data set and the null hypothesis is rejected or not supported by the data set.

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

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

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

The result of linear regression as presented in table 4.11 illustrate there is a strong positive and significant relationship between place strategy and organizational profitability with a beta value of 0.409, at 95% confidence level. From this the researcher concluded that the alternative hypothesis that place strategy will have significant and positive effect on organizational profitability is supported by the data set and the null hypothesis is rejected or not supported by the data set.

4.6 Discussions of the Results

The objective of this research was to assess the impact of marketing mix strategy on organizational profitability in the case company Horizon Addis tyre S.C this was because most

of literatures indicate that marketing mix strategy have positive relation with organizational profitability so since Horizon Addis tyre S.C.is the only tyre manufacturing company in the country so this research try to understand that does marketing mix strategy have the same impact as other producer companies and as we see from the above findings .The case company implements almost all marketing mix strategy practices in great extent but it implement channel coverage and packaging in moderate extent.

From the finding above all the constructs of marketing mix (i.e., product, price, promotion and place) have positive relation with organizational profitability of the case company.

As shown on the correlation matrix there is positive relation between (product, pricing,, place and promotion) and company's profitability performance with correlation coefficient of 0.621,0.681,0.720 and 0.814 respectively with less than 0.001significance level .This significance tells that there is genuine relationship to market mix and organizational profitably performance.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

This is a comparative study that is limited in scope and sample size, but it can contribute to further study on the impact of marketing mix strategy on profitability in the manufacturing sector in Ethiopia context. Therefore, based on the analysis and interpretations made at the previous chapter the following summaries, conclusions and recommendation are made.

5.1 Summary of Major Findings

The purpose of the study was to investigate the impact of marketing mix strategy on profitability in the case of HAT S.C. More specifically the study determines the extent to which mix strategy (*product, pricing, promotion, and place/distribution*) influences profitability. The following are the major findings of the study:

- ✓ The demographic characteristics of respondents show that 74% of the respondents were male employees while the remaining 26% are female staff's respondents.
- ✓ Among the respondents the age of majority were between 25 and 35 years old that accounts 69.6%. Employees who were under 25 years are 13% and from 36 to 45 years old are 4.3% and were 46 years and above 13%
- ✓ In regards to educational level of the respondents 69.6% of the respondents had a first university degree, 21.7% of the respondents had diploma, 6.5% had Certificate and 2.2% awarded masters & above.
- ✓ In regards to position of the respondents 58.7% were senior officer, 23.9% division head, 10.9% were department manager and 4.5% officer.
- ✓ Among the respondents 28.3% of them stay 1 to 2 year in the organization, 23.9% of them stay 5 year and above in the organization, 21.7% of them stay 3 to 4 years in the organization and 21.7% of them stay less than 1 year in the organization.
- ✓ There is positive and strong relationship between product, price, place and promotion with Pearson Correlation of 0.621, 0.681, 0.720 and 0.814 respectively with less than 0.001 significance level.

Regression Analysis findings

- ✓ There is positive relationship between product strategy and organizational profitability this leading to acceptance of the alternative hypothesis that is product strategy will have significant and positive effect on organizational profitability.
- ✓ It is also shown in the finding that there is a strong positive and significant relationship between pricing strategy and organizational profitability with a beta value of 0.313, at 95% confidence level, confirming the acceptance of the alternative hypothesis that pricing will have significant and positive effect on organizational profitability.
- ✓ The result produced that there is a strong positive and significant relationship between promotion strategy and organizational profitability with a beta value of 0.365, at 95% confidence level leading to acceptance the alternative hypothesis that promotion strategy will have significant and positive effect on organizational profitability.
- ✓ The relationship between place and organizational profitability discovered positive and significant with a beta value of 0.409, at 95% confidence level which confirm that the alternative hypothesis that is place will have significant and positive effect on organizational profitability.

Generally the findings of the study confirm that all the four variables of marketing mix (product, price, promotion and place) has a positive and significant relationship with organizational profitability with different extent. Among the variable it was learnt that place is the most important variable and promotion which is the second followed by price and the least one is product strategy.

5.2 Conclusions

Based on the finding of the study, there are a few key points that can be used to conclude this research paper. The major portion of the respondent is senior officer position, which indicates that they can provide valuable information.

The finding of the study suggests that all four variables of marketing mix strategy (product, pricing, promotion and place) have strong and significant relationship with profitability. Mainly

place and promotion dimensions in the marketing mix contribute to the organizational profitability.

On Product Strategy, the study had the following conclusions:

The study concluded that product strategy is a determinant of organizational profitability in Horizon Adds Tyre S.C, since there is strong and positive relationship between product and organizational profitability.

On Pricing Strategy, the study had the following conclusions:

Results indicate that pricing dimension of marketing mix strategy is very important for Horizon Adds Tyre S.C profitability.

On Promotion Strategy, the study had the following conclusions:

The study concluded that Horizon Adds Tyre S.C profitability is determined by promotional strategy effectiveness. The study result revealed that there is a strong positive and significant relationship between promotion strategy and organizational profitability.

On Place/Distribution Strategy, the study had the following conclusions:

The study concluded that there is a strong positive and significant relationship between place/distribution strategy and organizational profitability. Effective place/distribution can have a dramatic impact on profitability.

In general, it is possible to conclude that there is a positive relationship between marketing mix and profitability in Horizon Adds Tyre S.C .which is supported by many theoretical and empirical literatures. The study conforms to the positions of Chilyaet al, (2009), kisu (2015) and Owomoyelaet al, (2013) which shows marketing mix have positive relation with organizational profitability performance even if the significance level doesn't much .

5.3 Recommendations

This study attempts to examine the impact of marketing mix strategy on organizational profitability of Horizon Adds Tyre S.C. On the basis of the findings and conclusions reached in this study, the following recommendations are forwarded on each element of marketing mix in particular and relation marketing in general.

On Product Strategy, Even though there is positive relationship between product strategy and organizational profitability, the researcher forward the following, recommendations on product strategy :

1. Improve product quality by upgrade their technology
2. Introduce new product or variety of goods, apply the customer request specification in size , cover and thickness , and hiring the specialized staff for after-sale service.

On Pricing Strategy, Even though there is strong positive relationship between price and organizational profitability, the researchers forward the following, recommendations on pricing:

1. Companies need to decrease their cost to offer better price to customers.
2. provide period of payment and discount offering

On Promotion Strategy, the study also proved that there is positive and significant relationship between promotion and organizational profitability, the following recommendations are forwarded for further improvement on this variable.

1. The company should, provide timely and prompt information to their customers.
2. Attending the trade fair.
3. Practicing direct marketing.
4. Hiring experience and educated sale staff
5. Advertising in journals, and TV channels.

On Place Strategy, the study also proved that there is positive and significant relationship between place and organizational profitability, the following recommendations are forwarded for further improvement on this variable.

1. The company should be responsive to complaints
2. Plan and identify the problems of sale, manage the procedure of sale, and provide a system in selling.
3. Having safety stock
4. on-time delivery, and
5. Increase number of distributes and canal coverage.

Finally, it is highly recommended that Horizon AdidsTyres.cneed to improve their practice of Marketing mix strategy in order to achieve organizational profitability.

5.4 Suggestions for further study

Even if this study has limitation the following suggestion for future study was arrived at.....

This study is used only one case company that is Horizon Addis Tyre S.C and the finding was as described above .But the impact of marketing mix strategy on organizational profitability maybe influenced by contextual factors such as the type of industry, the size of organization etc...

It's interesting to see the impact of marketing mix strategy on organizational profitability in other company case.

And also it is interesting to see the impact of marketing mix strategy practice on organizational sales or on the level of customer satisfaction.

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APPENDICEX -A

Addis Ababa University

College of Business and Economics

School of commerce

MA Program

Questionnaires to be filled by employees of Horizon Addis Tyre S.C

Dear respondents;

The purpose of this questionnaire is to enable me to carry out a research for the partial fulfillment of master's degree in Marketing Management.

The research focuses on Horizon Addis Tyre S.C the topic of "The impact of Marketing Mix Strategy on organizational Profitability".

A Marketing strategy questionnaires are tools used to collect data from people regarding Marketing.-

Hence, to gather information, I kindly seek your assistance in responding to the questions listed below. Any information you present will be kept utterly confidential and will be used only for academic purpose. Your cooperation and prompt response will be highly appreciated.

N.B: Writing your name is not necessary

- Put "√" for your choice in the box provided

Contact Address

If you have any question, please contact me and I am available as per your convenience at (Mobile: 09-13-20-41-94)

Thank You!!

Part1 : Demographic Information

1. Gender

1. Male 2. Female

2. Age

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

4. 46 years and above

3. Educational level

1. Certificate 2. Diplomas 3. BA/BSC
 4. MA/MSc/MBA and above
 6. Other (if any) _____

4. Position

1. Department manager 2. Division head 3. Senior officer 4. Officer
 5. Other _____

5. How long have you been employee of Horizon Addis Tyre S.C?

1. Less than 1 year
 2. 1– 2 years
 3. 3 – 4 years
 4. 5 years and above

Part 2: In relation to Marketing mix Strategies of Horizon Addis Company

➤ Please to the statement below in the table, kindly indicate by marking (√) whether you “Strongly Agree”, “Agree”, “Undecided”, “Disagree” or “Strongly Disagree”, and give an explanation to the open –ended questions.

PRODUCT

S/N	ITEMS	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
1	Your organization produces varieties of products in meeting customers’ satisfaction.					
2	The brand name influences organizational profitability					
3	Customers complain about the quality of your products.					
4	Your products meet customers’ requirements					
5	The packaging is effective?					
6	In your opinion the company products quality is Very good					
7	Your organization gives room for product warranty?					
8	Other departments in the company cooperate with the marketing department to ensure quality					

	products are exchanged to customers.					
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PRICE

S/N	ITEMS	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
1	Prices of the products are appropriate					
2	The pricing decisions allow for discounts?					
3	The pricing decisions allow for payment period					
4	The pricing strategy gives room for large customer base.					
5	Applying strategies to the prices leads to Increase in profit, thereby contributing to the achievement of objectives.					
6	The pricing decision allows for credit terms.					
7	The company uses pricing skills and systems to respond quickly to market changes					

PROMOTION

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

6	Your organization applies direct marketing as one of the promotional strategy					
7	Your promotional strategy influences the profitability positively					

PLACEMENT/DISTRIBUTION

S/N	ITEMS	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
1	Your products get to the target customers through your distributional channels.					
2	Locations of the products aid accessibility					
3	The channel coverage is effective					
4	Transportation system is effective					

Part 3 Related to company profitability performance

S/N	ITEMS	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
1	In the last three years your organization achieved maximum profitability as a result of the application of product strategy.					
2	Your organization achieved maximum profitability as a result of the application of pricing strategy.					
3	Your organization achieved maximum profitability as a result of the application of promotional strategy.					
4	Your organization achieved maximum profitability as a result of the application of distribution strategy.					
5	Generally Your organization achieved maximum profitability as a result of the application of strategies to the marketing mix.					
6	Customers derive satisfaction as a result of the application of strategies to the marketing mix.					
7	The application of strategies to placement gives room for product accessibility					

8	The application of strategies to promotional activities gives room for product awareness.					
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Thank you!!