

**ST. MARY'S UNIVERSITY  
SCHOOL OF GRADUATES STUDIES**



**ASSESSMENT OF MARKETING STRATEGY PRACTICES  
IN NYALA MOTORS S.C.:  
FROM THE COMPANY PERSPECTIVE**

**BY**

**BINIYAM YOHANNES**

**ADVISOR: TEMESGEN BELAYNEH**

**MAY, 2017**

**SMU**

**ADDIS ABABA**

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SCHOOL OF GRADUATES STUDIES**



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IN NYALA MOTORS S.C.:  
FROM THE COMPANY PERSPECTIVE**

**A THESIS SUBMITTED TO ST. MARY'S UNIVERSITY SCHOOL OF  
GRADUATES STUDIES FOR PARTIAL FULFILLMENT OF THE  
REQUIREMENTS FOR MASTER'S DEGREE IN  
BUSINESS ADMINISTRATION**

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## STATEMENT OF C E R T I F I C A T I O N

This is to certify that this project work, “**Assessment of Marketing Strategy Practices In Nyala Motors S.C.: From The Company Perspective**”, undertaken by Biniyam Yohannes for Partial Fulfillment of the Requirements for the Master of Business Administration at St. Mary’s University, is an original work and not submitted earlier for any degree either at this University or any other University.

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Research Advisor

## Declaration

I, Biniyam Yohannes, declare that this work entitled “**Assessment of Marketing Strategy Practices in Nyala Motors S.C.: From the Company Perspective**”, is outcome of my own effort and study and that all sources of materials used for the study have been duly acknowledged. I have produced it independently except for the guidance and suggestion of the Research Advisor.

This study has not been submitted for any degree in this University or any other University. It is offered for the partial fulfillment of the degree of Masters of Business Administration.

By: Biniyam Yohannes

Signature\_\_\_\_\_

Date\_\_\_\_\_

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## ABSTRACT

*The aim of this study was to assess the marketing strategy practices of Nyala Motors S.C.: from the company perspective. It described how the marketing strategies were practiced in the company to achieve its goals aligned with target market, segmentation, positioning and the marketing mix to satisfy customer requirements. The current marketing strategies create problems on objective of the company. Data were analyzed using descriptive analysis. Both primary and secondary data collection instruments were used to collect data. The selections of the respondents were carried out by using census sampling technique. The major findings of this study are; the company's product strategy are not supportive to the objectives of the company, company's pricing strategy shows that the company set higher price, from promotional tools only personnel selling are the company's best promotional strategy practices., the company does not have designed strategy to win the intense competition and overtake the largest market share from its competitors, the company used selective distribution strategy and un-differentiated segmentation strategy, the marketing strategy is not well structured and formulated,. On the basis of the findings of the study it concluded that the company have poor product strategy in achieving company goal, from the other marketing mix price is the major factor that influence the overall marketing strategy of the company, Promotional tools and distribution intensity relatively support the current marketing strategy of the company, the overall marketing strategy no designed properly to achieve the objective of the company. The study recommended that products should be more differentiated, prices should be slightly adjusted downwards or import those cars highly differentiated than rivals, more distribution centers should be opened. In terms of the promotion strategy, the company should focus on advertising; sales promotion and public relations in luring customers and creating brand awareness. To achieve the defined goals, the company should consider formulating marketing strategy by diagnosing the internal and external market environment thoroughly. Generally the marketing mixes should need adjustment.*

**Keywords:** *Strategy, Marketing strategy, Target marketing, Market segmentation, positioning and Marketing mix.*

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# CHAPTER ONE

## INTRODUCTION

This chapter consists of background of the study, statement of the problem, research questions, objectives of the study, definitions of terms, significance of the study, scope of the study, limitations of the study and organization of the paper.

### 1.1. Background of the Study

The strategic management is the managerial course of action for making a strategic visualization, setting objectives, developing a set of policies, putting it into practice and accomplishing the same (Phley, 2005).

The strategic management is thus the tool to make sure the success of the vision, which is a guideline of a company's future. The strategic management assists in providing essentials about technology and customer focus attitude in the business. Today's dynamic markets and technologies have called into question the sustainability of competitive advantage, to sustain managers pass under pressure to improve productivity, quality, and speed, to achieve this managers have embraced different tools.

Porter (1985), argues that operational effectiveness necessary to superior performance but is not sufficient, because its techniques are easy to imitate. In contrast, the essence of strategy is choosing a unique and valuable position rooted in systems of activities that are much more difficult to match. While stressing the role of leadership in making and enforcing clear strategic choices helps to achieve building it into a stronger long-term competitive position.

The strategic analysis of any business concern helps the organization form its future decisions and also to know as to where the organization stands in the field of the activities amongst its competitors.

Marketing strategy is one of the most important elements in an organization. It involves the process of formulating and implementing plans that aims at improving the competitive position of a company in the respective market (Mercer, 1998). Such activities may be short

term or long term. The short term activities are those that are undertaken on day to day operations while the long term involves the strategic plans made by a company (Shankar & Carpenter, 2012). Marketing strategy is also important because it helps in meeting the marketing objectives of a company (Schnaars, 1998). In most cases, the marketing strategies are developed for a specific period of time preferably annually. Such strategies involve the actions that a company will take towards accomplishing the set objectives.

One of the main challenges that organizations face in developing and implementing the best marketing strategy is the rapid change in the business environment (Yang, Su, & Fam, 2012). Developing a marketing strategy involves the scanning of the internal and external environment. This is because the elements in the business environment greatly influence the effectiveness of the marketing strategy to the specific company (Doole & Lowe, 2008). Since the business environment differs with industry sector, country and organization, it is important for the management to have a clear understanding of the specific factors that influence the effectiveness of the marketing strategy. It is also important for the marketing team in an organization to ensure that the marketing strategy is in line with overall mission of the company. Using the wrong marketing strategy may result into loss of valuable resources such as time, finances and overall decline in performance of an organization (Ferrell & Hartline, 2011). Nissan Motors s.c a company which exist for 60 years in Ethiopian market However, the market share of the company is not as its age. There are different factors that influences market share of the company (Yang, Su, & Fam, 2012). This study focuses the problem associated with marketing strategy of Nissan motors S.C.

Nissan Motors vehicles were imported officially to Ethiopian by Nyala Motors Share Company from April 1973 started importing and selling Nissan brands of vehicles by five founding members with a registered capital of birr 50,000. When the company was setup it began its operation with the sales of Datsun automobiles. Today Nyala Motors S. C is the current exclusive distributor of Nissan vehicles, UD trucks, VE commercial vehicles, uni-carrier forklifts and Mac power battery for Ethiopian market. The company main aim is not only the sale of Nissan vehicles but to be one of the market leader by increasing the market share of the company and also to provide quality after sales service to its valued Nyalas customers. In order to achieve this aim, it is currently operating in different regions.

## **1.2. Statement of the Problem**

One of the core activities in a business company in order to stay in business is having a well-developed strategy. To achieve a set of organizational goals and objectives, companies designed and implement various strategies. The strategy can be corporate, business or functional According to Phley (2005) Strategy is defined as the art of coordinating the means to achieve the ends. For other marketing strategies refers to segmentation of its consumers, provision of successful goods and services for each consumer segment and also employment of right promotion tools and pricing strategies to accomplish the company's objectives (Fifiled, 1994).

To succeed in today's competitive market place companies need to identify their target market, the needs and wants to their customers aligned with marketing mixes, and the marketing position of competitors. They must also spend significant efforts to find the most efficient marketing mix in order to implement a successful marketing strategy. The marketing mix's (price, product place, and promotion) are essential elements of a marketing strategy (Roger Brooks bank, 1994). Everyone understands that marketing strategy influences the company's ability to generate profits or to stay in the business. Nyala Motors S.C started importing and selling Nissan brands vehicles for past 60 years to Ethiopian market whereas, the lion's market share (65%) is taken by Moenco & the market share of Niyala is not significant however, the company exists for long years (Deloit, 2014). Studies shows that market share of a company can be affected by various factors (Doole & Lowe, 2008). Marketing strategy is one of the factors that influence market share (Yang, Su, & Fam, 2012). Hence, this study attempts to assess the problem associated with the marketing strategy practice in Nyala Motors S. C.

## **1.3. Research Questions**

Specifically the study addressed the following basic research questions,

- (a) To what extent are the major component of marketing strategy in particular target marketing, segmenting and positioning addressed in the marketing strategy?
- (b) How is the company marketing strategy practice aligned with the marketing mix to satisfy customers need?
- (c) What are the major challenges in implementing the marketing strategy?

## **1.4. Objectives of the Study**

### **1.4.1. General Objective**

The main objective of the research is to assess the marketing strategy practices in Nyala Motors S.C.

### **1.4.2. Specific Objectives**

The specific objectives of the study are to;

- (a) To investigate how the company is strategizing on targeting, positioning and segmenting he marked to become competitive,
- (b) To identify the current marketing strategy practiced incorporated with marketing mix.
- (c) To identify problems encountered in the marketing strategy implementation of Nyala Motors S.C

## **1.5. Significance of the Study**

The sole purpose of marketing strategy is to enable companies to gain more competitive advantage over their competitors. The findings of this study will help Nyala Motors in identifying the present situations (gaps, problems) and future strategies to satisfying company's customers better than competitors. The study may also serve as reference for other related companies. This study may also be used as guideline who wanted to conduct further studies in the same sectors.

## **1.6. Scope of the Study**

Due to time constraints the studies were focusing on marketing department only. The studies were covered the marketing strategy practices of the organization as related to the marketing mix (4PS), segmentation, positioning and target marketing from company perspective only. Those marketing mixes other than 4ps were not being included in the study.

## **1.7. Limitation of the Study**

The study was limited and focused on marketing strategy practices of Nyala Motors S.C from the company perspective only. As a result the input from customers was not incorporated in this research. The respondents may misinterpret various items on the questionnaire, some subjects in the study may simply forget to complete and return the questionnaire. Interview methods were not certain in some subjects due to personal biased and some fear in confidentiality this may result in lack of empirical data for the literature part. In addition, in



this study only focused on 4p's of marketing mixes aligned with segmentation, targeting and positioning. The reliability of the study may be biased because the study focuses only from management (company) perspective. Thus, other researcher may take consideration on the issue for further studies.

## **1.8. Organization of the Study**

The study will be structured in five chapters. The first chapter will presents introduction part that companies background of the study, statement of the problem, objectives of the study, significance of the study, scope of the study, limitation of the study and organization of the study. Chapter two will offers the review of related literature. Chapter three will presents the research design and methodology of the study followed by chapter four which will be deals with data analyses and interpretation. Finally, chapter five will presents the summary, conclusions and recommendations of the study.

## **1.9. Definition of Terms**

- **Strategy** According to Phley (2005), Strategy is defined as the art of coordinating the means to achieve the ends.
- **Marketing Strategy** is a set of integrated decision and actions by which a business expects to achieve it marketing objectives and meet the value requirements of its customers (Slater and Olson, 2001).
- **Target Marketing** is the identification of the market segments that are identified as being the most likely purchasers of a company's products (Whalley.A, 2010).
- **Market Segmentation** is the process of dividing the total market for a particular product or product category into relatively homogeneous segments or groups (Ferrell & Hartline, 2011).
- **Positioning** is the strategy that enables a firm to competitively and strongly place its brand in the customers mind such that it becomes the most preferred brand (kotler. p. 2007).

## **CHAPTER TWO**

### **REVIEW OF RELATED LITERATURE**

#### **2.1. Introduction**

In this chapter, the theoretical, empirical and conceptual frameworks are forwarded. The theoretical framework incorporates the relevant theories regarding marketing strategy, elements of marketing strategy, competitive advantage & generic strategies, basic factors considered in the marketing strategy and application of Porter's forces. The empirical framework presents findings of other researches that are relevant to this study. Finally, the model of the study is presented under conceptual framework. At the end of this major section, it is hoped that a critical understanding of key issues is exhibited, that the reader is better informed and that there is a clear justification for the research in this area.

#### **2.2. Theoretical Framework**

##### **2.2.1. Marketing Strategy Overview**

Marketing strategy is an overall marketing approach that is used to achieve objectives of strategic marketing plans. It involves formulating and implementing plans aiming at improving the competitive position of a company in the market (Mercer, 1998).

Developing marketing strategy involves reviewing internal and external environment of the organization for the reason that elements in business environment greatly influence the effectiveness of its marketing strategy (Doole and Lowe, 2008). Since business environment differs company to company and country to country, it is very important for the management of an organization to have a clear understanding of the specific factors that influence its marketing strategy. Using the wrong marketing strategy may result in the loss of valuable financial and non-financial resources and highly affects the overall performance of the organization (Ferrell and Hartline, 2011). Hence, well-designed and formulated marketing strategy is required to the success of an organization.

##### **2.2.2. Elements of Marketing Strategy**

The major elements of marketing strategy are segmentation, target market, positioning and the marketing mixes (Roger Brooks bank, 1994). Each of these elements is explained as follows.

### **2.2.2.1. Market Segmentation**

A company may not sell its all products to a single customer or to same market. The customers may be many and all are diverse according to their demand and buying requirements, this is way each company needs to identify its market segmentation.

Market segmentation refers to ‘subdividing a market along some similarity, or same group (Ferrell and Hartline, 2011). The members of a market segment share something in common or have some homogenous character. The main purpose of segmenting a market is to identify where to concentrate marketing energy and gain competitive advantage within the segment. In reality, every buyer has individual needs, preferences, resources and behaviors; and it is impossible to address every customer’s individual characteristics. However, these common characteristics of consumers allows to developing a standardized marketing mix by categorizing into segments and this segment must be measurable, accessible, substantial, differentiable and actionable (Anderson, 2000).

The process of evaluating segment attractiveness and selecting segments to enter involves making business choices of which resources are to be segmented, size, profitability and growth rates, and it requires segment structural attractiveness, competition, substitute products, buyers & supplier power, and new entrants. The bases of consumer market segmentation are:

#### *i. Geographic Segmentation*

Geographic segmentation divides the market into geographical units (Kotler and Keller, 2012). Companies segment the market by attacking a restricted geographic area and tailor marketing programs to the needs and wants of consumers. A company can also operate in one or a few areas, or it can operate in all but pay attention to specific group or segment.

#### *ii. Demographic Segmentation*

Demographic segmentation involves segmenting the market in variables such as age, family size, family life cycle, gender, income, occupation, education, religion, race, generation, nationality, and social class (Kotler and Keller,2012). The major reason to segment a market based on demography is that it is easier to associate products and services with consumer needs and wants; and it is easier to measure the output (Kotler and Keller, 2012). Demographic segmentation easily allows to considering the lifestyle, consumer trends, type of risk aversive behavior, spending power and value per customer.

### *iii. Behavioral Segmentation*

Behavioral segmentation allows using actual behavior of consumer or product usage to make distinctions among market segments (Ferrell and Hartline, 2011). These distinctions are tied to the reasons that customers buy and use products. Consequently, behavioral segmentation, unlike other types of consumer segmentation, is most closely associated with consumer needs. A common use of behavioral segmentation is to group consumers based on their extent of product usage heavy, medium, and light users. One of the best uses of behavioral segmentation is to create market segments based on specific consumer benefits.

### *iv. Psychographic Segmentation*

In psychographic segmentation, buyers are divided into different groups on the basis of psychological/personality traits, lifestyle, or values. People within the same demographic group can exhibit very different psychographic profiles (Kotler and Keller, 2012). Psychographic segmentation deals with state-of mind issues such as motives, attitudes, opinions, values, lifestyles, interests, and personality. These issues are more difficult to measure, and often require primary marketing research to properly determine the makeup and size of various market segments.

Most automobile market segmented focusing on two segmentation; Demographic and psychographic segmentation. In the first segment of demographic, automotive market has targeted the family size and the income level and in second segment of psychographic market targeted lifestyle (Drummond & Ensor, 2005).

## **2.2.2.2. Market Targeting**

Targeting involves a business making choices about a segment on which resources are to be focused (Kotler, P, 2007). Companies use target marketing to tailor for specific markets. There are three major targeting strategies: undifferentiated, concentrated, and differentiated.

### *i. Mass Marketing (undifferentiated) strategy*

Companies that adopt mass marketing take an undifferentiated approach that assumes that all customers in the market have similar needs and wants that can be reasonably satisfied with a single marketing program (Kotler, P, 2007). This marketing program typically consists of a single product or brand (or, in the case of retailers, a homogeneous set of products), one price, one promotional program, and one distribution system. Mass marketing works best when the needs of an entire market are relatively homogeneous.

*ii. Differentiated Marketing (segmented) strategy*

Firms segment markets into groups of customers having relatively common or homogeneous needs, and attempting to develop marketing strategy and products to addressing their need accordingly.

*iii. Niche Marketing (concentrated) Strategy*

Companies narrow the market concentration approach even more and focus their marketing efforts on one small, well-defined market segment or niche that has a unique, specific set of needs. Customers in niche markets will typically pay higher prices for products that match their specialized needs (Ferrell and Hartline, 2011).

*iv. Individual Marketing Strategy*

This involves one to one marketing and delivering custom made products and services (Ferrell and Hartline, 2011).

### **2.2.2.3. Market Positioning**

Positioning is how the product or service is to be perceived by a target market compared to the competition (Kotler, P, 2007). It is the use of marketing to enable people to form a mental image of a firm's product and services in consumers' mind. Positioning provides the bridge between targeting and the marketing mix.

According to Whalley (2010), marketers can follow several positioning strategies; specific product attributes product benefits, usage occasions, product classes and user classes. If customers perceive the product unfavorably, it can be made more attractive by physically altering it or by repositioning the product in the minds of customers (Shaw, 2011). The basic value proposition offered by an organization must be something that is relevant to the target market, it must be differentiated from the competition and it must be sustainable and communicated clearly to that market.

### **2.2.2.4. Marketing Mixes**

As Shaw (2011) stated, marketing mix is the set of variables that used to influence customers. These variables include the product, price, place and promotion, and distribution (Littler and Wilson, 1995).

*i. Product strategy*

Of all the strategic decisions to be made in the marketing plan, the design, development, branding, and positioning of the product are perhaps the most critical. Products fall into two general categories: products for personal use and products for resale. Products purchased for personal use and enjoyment are called consumer products, whereas those purchased for resale, to make other products, or for use in a firm's operations are called business products (Ferrell and Hartline, 2011).

Lovelock & Wirtz (2004) stated that, managers must select the feature of both the core products either as good or service and they must be attentive do all aspects of the service performance that have the potential to create value or customers.

The product mix of an individual company can be described in terms of width, length, depth, and consistency (Aaker, & Keller, and 1990). According to the authors, the width refers to how many different product lines the company carries; the length refers to the total number of items in the mix; the depth of a product mix refers to how many variants of each product are offered; and the consistency of the product mix refers to how closely relate the various product lines are in end use, production requirements, distribution channels, or some other way.

Companies are better able to sustain competitive producers on their existing products and make headway by adopting a new product strategy, (Andrew E.2001). The implementation of this strategy has become easier because of technological innovations and the willingness of customers to accept new ways of doing things.

*ii. Pricing Strategy*

Pricing includes the rationale for choosing the price, as well as any discounts, allowances, trade margins or adjustments (Tellis, 1986). 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 (Zeithaml, 1988).

Three generic approaches to pricing are known as

- Market-based pricing: The market-based pricing moves away from the focus on costs and instead concentrates on what the price should be seen in a combination of two

perspectives (Karnani, 1984). The basic idea underpinning the perceived value-based approach to pricing is that when customers purchase a product they go through a complex process of balancing benefits against costs. A customer will not purchase a product where the costs are seen as being greater than the benefits.

- Differentiated pricing: customers are charged the highest price that each segment will pay, usually phrased. Price skimming is an example of demand oriented pricing. With skimming a high price is charged initially. After those who are willing to pay the most actually buy the product and sales begin to level off, the price is lowered to the next segment, and the process is repeated (Karnani,1984).
- Cost oriented pricing: the most widely used method for determining prices involves setting prices predominantly on the basis of the company's own costs (Shaw, 2011). This method of pricing is often referred to as "cost-plus" pricing. In its simplest form, cost-plus pricing involves a company calculating average cost per unit and then allocating a specified mark-up, which may be related to rate of profit required by the company, to arrive at the selling price.

An examination of existing product prices may lead to one of three strategic alternatives; maintaining the price, reducing the price, or increasing the price (Philip & Garry 2007). If the market segment from which the company drives a big position of its sales it is not affected by changes in the environment, the company may decide not to initiate any change in its pricing strategy. On the other hand, companies reduce price when responding to competition or costs across the board go down by fixed percentage every time experience doubles (Shaw, 2011). 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 (Philip & Garry 2007).

The pricing strategies for new product differ from that of existing products. Two basic strategies that may be used in pricing new products are; skimming pricing and penetration pricing strategy. Skimming pricing is the strategy of establishing initial price for a product with a view of "skimming the cream of market" at the upper end of the demand curve (Kotler, 2007). It is accompanied by heavy expenditure on promotion. In contrary, penetration pricing is the strategy of entering the market with a low initial price (Fifield, 1994). Penetration pricing reflects a long term perspective in which short term profits are sacrificed in order to establish sustainable competitive advantage (Fifield, 1994).

According to surveys by Eastern Online, a consumer research organization, when shopping for cars, their top five considerations are, in the order of importance, price, performance, fuel-efficiency, appearance and safety. This means buying a car at the most reasonable price, nice looking and fuel-efficient is consumers' biggest objective.

### *iii. Promotion Strategy*

According to Whalley (2010), promotion includes all of the tools available to the marketer for marketing communications. The elements of the promotions mix are: personal selling, sales promotion, public relations, direct mail, trade fairs and exhibitions and advertising (Ferrell and Hartline, 2011). Advertising and sales promotions are the most commonly implemented promotion strategies practiced in automotive industry.

Colley (1961), stated that sales promotion is designed to stimulate consumer purchasing, dealer and sales forces effectiveness in short time, through temporary incentives and displays. It consists of a collection of incentive tools, mostly short term, designed to stimulate quicker or greater purchase of particular products or services by consumers or the trade. Promotion is a very important tool for the business especially for automobile industry to compete with others. Sales promotion involves activities that create buyer incentives to purchase a product or that add value for the buyer or the trade. Sales promotion can be targeted toward consumers, channel intermediaries, or the sales force. Sales promotion includes broad assortment of promotional elements because it encompasses activities other than advertising, public relations, and personal selling (Ferrell and Hartline, 2011).

According to Kotler & Armstrong (2004), advertising is a good way to inform and persuade. The objective of advertising is specific communication task to be accomplished with specific target audience during specific period of time. Advertising become more important as computation increases (Colley, 1961). Moreover, advertising is a key component of promotion and is usually one of the most visible elements of an integrated marketing communications program.

### *iv. Place Strategy*

As per Ranchhod and Gurau (2007), stated that place strategy is not just about the point of sale, it is about the total channel of distribution and a consideration of the value chain from raw materials through to the customer. The basic channel decisions to be made in placing



strategy are: the use of direct or indirect channels, single or multiple channels, types of intermediary, number of intermediaries at each level, etc. There major types of intermediaries are wholesalers, agents, retailers, the internet, overseas distributors and direct marketing.

- Channel intermediaries-Wholesalers: break down bulk into smaller packages for resale by a retailer, i.e. they buy from producers and resell to retailers and in doing take title to the goods. They also provide storage facilities. A wholesaler will often take on the some of the marketing responsibilities (Whalley, 2010).
- Channel intermediaries-Agents: typically secure an order for a producer and charge a commission on the sale or be paid a retainer with a sales related bonus. Agents do not take title to the goods, unless they are a stockiest agent who will hold consignment stock, i.e. will store the stock, but the title will remain with the producer. This approach is used where goods need to get into a market soon after the order is placed. They are difficult to keep control of due to the physical distances involved. They are difficult to motivate. (Ranchhod and Gurau, 2007).
- Channel intermediaries-Retailers: have a much stronger personal relationship with the consumer. They will hold several other brands and products and their customers will expect to be exposed to many products and brands that are competitive. Where the retail purchase is significant the retailers will often offer credit to the customer which requires consideration in pricing decisions. Retailers will give the final selling price to the product but will also do their own marketing or will increasingly arrange co-operative marketing with the producer (Ferrell and Hartline, 2011).
- Channel intermediaries-Internet: presents geographically dispersed and disparate market in customer terms. This is its main benefit it exposes products to a wider audience at relatively low cost which in turn has led to the proliferation of niche and specialist businesses which would be impossible without the internet as a contact and order placing medium. With the advent of broadband and satellite it has also become a delivery medium for products such as TV, films, software, interactive games etc. (Whalley, 2010).

To determine distribution intensity usually adopted through intensive, selective, exclusive consignment selling and franchising selling distribution. Most vehicles manufacturer's used both selective and exclusive distribution intensity.

### **2.2.3. Competitive Advantage and Porter's Generic Strategies**

According to Peteraf (1993), competitive advantage is an advantage over competitors gained by offering consumers greater value, either by means of lower prices or by providing greater benefits and service that justifies higher prices. There are two basic types of competitive advantage a firm can possess: low cost or differentiation. The two basic types of competitive advantage combined with the scope of activities for which a firm seeks to achieve them, lead to three generic strategies for achieving above average performance in an industry: cost leadership, differentiation, and focus (Porter, 1996).

The generic of differentiation strategy involves creating a market position that is perceived as being unique industry-wide and that is sustainable over the long run (Porter, 1980). Such differentiation can be based upon design or brand image, distribution, and so forth (Frambach et. al, 2003). In particular, differentiator firms create customer value by offering high-quality products supported by good service at premium prices (Walker & Ruekerts, 1987). The effectiveness of differentiation strategy depends on how well the firm can balance product benefits and product costs for the customer, relative to competitive offerings (Slater & Olson, 2001). The aim of differentiation strategy is to create a superior fulfillment of customer needs in one or several product attributes in order to develop customer satisfaction and loyalty. A firm that pursues a differentiation strategy seeks to create a perception in the minds of customers that their products or services possess superior characteristics that are unique from those of its competitors in terms of image and reputation, reliability, design features and quality (Dean & Evans, 1994; Sashi & Stern, 1995).

The generic strategy of focus rests on the choice of a narrow competitive scope within an industry. The focuser selects a segment or group of segments in the industry and tailors its strategy to serving them to the exclusion of others (Porter, 1985). The focus strategy has two variants: cost focus which seeks a cost advantage in its target segment; and differentiation focus where a firm seeks differentiation in its target segment. Both variants of the focus strategy rest on differences between a focuser's target segment and other segments in the industry (Porter, 1985). The target segments must either have buyers with unusual needs or else the production and delivery system that best serves the target segment must differ from that of other industry segments.

The cost leadership strategy is an integrated set of action taken to produce goods or services with features that are acceptable to customers at the lowest cost, relative to that of competitors (Ireland, et. Al, 2011). The cost leadership strategy represents attempts by firms to generate competitive advantage by achieving the lowest cost in the industry. The focus of firms implementing a cost leadership strategy is on stringent cost control and efficiency in all areas of operation (Porter, 1980). A company that decides to follow a cost leadership strategy has the objective of being able to realize its offer at lowest possible cost. The competitive advantage of cost leadership is achieved by performing important value chain activities at lower cost than competitors (Porter, 1985). Cost leadership requires a strong focus on the supply side as opposed to the demand side of the market, as this requires a high level of competitor orientation (Day & Wendley, 1988). Therefore, firms pursuing a cost leadership strategy must continuously benchmark themselves against other competing firms in order to assess their relative cost position in market place.

#### **2.2.4. Application of Porters forces**

Porter' analysis is used to analyses the micro environment of industries. The five forces given by Porter are threat of new entrants, threat of substitute products, bargaining power of customers, bargaining power of suppliers and rivalry among the competitors. Since Ethiopia does not have automotive manufacturing companies, the bargaining power of suppliers cannot be included.

According to MOFED (2015), Ethiopia has been among Africa's most impressive growth performers over the past decade averaging 10.9% annual growth with a GDP of US\$63 billion. Yet Ethiopia is still one of the world's poorest countries, with a per capita income of only US\$ 702 (MOFED, 2015). Given the current limited disposable income, Ethiopia's automotive market is dominated by second-hand imported vehicles – particularly commercial vehicles. Ethiopia's Ministry of Transport (2014), reports that there are 587,400 vehicles on the road, with an annual growth rate of approximately 6%. Approximately 85% of vehicles are second-hand imports, of which almost 90% are Toyotas. Toyota controls approximately 65% of the total market due to its reputation as being reliable and inexpensive to maintain (Deloitte, 2014).

***i. Threat of new entrants***

Treats of new entrants refers to the entry of new companies that manufacture or supply similar products with that of existing companies. The threat of new entrants can be affected by the entry barriers imposed by the importing country. These barriers can be government policies, capital requirement, infrastructure, switching cost to customers, customers demand, and economies of scale etc. The threat of new entrants is low in Ethiopian automotive industry which has created difficulties for domestic manufacturer to enter in car industry segments. The main barriers to enter the automotive industry of Ethiopia are financial costs and government policies (Deloitte, 2014). The new market players require high fixed cost for setting up their production facilities and to import new cars.

***ii. Threats of substitute products***

The threat of a substitute is the level of risk that a company faces from replacement by its substitutes. The automotive market of Ethiopia has highly substitute products where cheaper second had cars can be found easily than new brand cars directly imported from manufacturers.

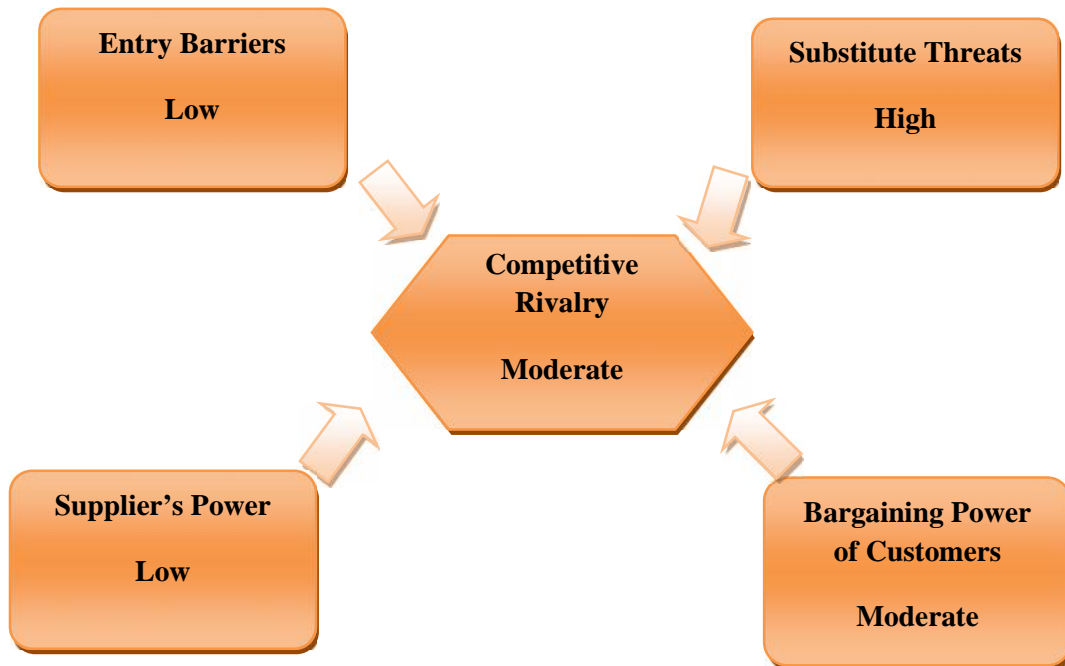
***iii. Bargaining power of customers***

Buyers' bargaining power increases when the number of companies in a specific industry increases. Customers easily switch to another company if it provides good quality at lesser cost. Bargaining power of customers is moderate in the automotive market of Ethiopia for the reason that there are options available in the market. Hence, customers tend to switch from one seller to another for a very small difference in the product or price.

***iv. The industrial rivalry***

It is the competition among different firms present in a specific segment in a country. The innovative capability of the firm helps it in getting competitive advantage. The industrial rivalry is moderate in Ethiopian automotive industry (Deloitte, 2014).

Figure 1: Porter's Five Force Analysis on Ethiopian Automotive Industry



Source (Deloit, 2014)

### 2.2.5. Basic Factors Considered in Formulating the Marketing Strategy

According to Ferrell and Hartline (2011) pointed out that, the key issues considered in formulating the marketing strategy is the situation analysis. The purpose of the situation analysis is to describe current and future issues and key trends as they affect the internal environment and the external environment. And also as discussed by Porter (1985), those environmental factors have impact on company's competitive strategy.

**Environmental factors** for a company or an industry refer to variables and conditions around that company and industry that affect its working and performance, but which cannot be controlled. To understand, analyze and deal with environmental factors, "PEST" framework that classifies all environmental factors in the following groups. Political, Economic, Socio cultural, technological.

**Economic environment:** consists of macro level factors related to the means of production and distribution of wealth. Economic environment is very dynamic and complex in nature it does not remain the same. It keeps on changing from time to time with the changes in an

economy like change in Govt. policies, political situation, buying capacity of the people. The government's economic development strategy focuses on economic diversification by promoting agriculture and industrial development, and the creation of a business environment that is conducive to investment, supported by sizeable infrastructure development. The manufacturing sector has been selected as a high priority sector by government. Ethiopia's the second Growth and Transformation Plan (GTP II), aims to support and grow the manufacturing contribution to GDP from 4% in 2014 to 8% by 2020 (Ethiopian GTP II Plan. P.194). This attracts new investors for example, new investors in the manufacturing sector, including automotive sector, are exempt from paying income tax for a period of five years if more than 50% of their products or services are exported.

In the past 5 (five) years, the market for vehicles shows significant improvement and growth with an annual growth rate of approximately 6% (Ethiopia's Ministry of Transport 2014). The number of vehicles imported has been increasing by about 27% per annum (Sisay A. 2013). With the on-going expansion of road construction and consequent increase in access to roads, the demand for vehicles shall also grow significantly.

***Political environment:*** consists of factors related to management of public affairs and their impact on the business organization. The government auto policy aimed at promoting an integrated, phased and conducive growth of the automotive industry. As a country Ethiopia doesn't have any auto policy. This will also include policies on allowing setting up of manufacturing plants by foreign companies.

Stability of governments: This may affect the future conditions in a country. Taxation policies which included in the government auto policy aimed at promoting an integrated, phased and conducive growth of the automotive industry.

***Technological factors:*** Technology relating to automobile designs, technology of automobile manufacture and Technological developments that may increase or decrease with use of automobiles. The company is adapting new technologies and techniques to make its cars more famous among the customers. It is also introducing low priced luxury in the market.

***Socio Cultural Factors:*** the country is also home to the continent's second largest population of 90 million people in 2015 and a forecasted 100 million in 2020 & Although seen as one of the world's poorest countries (MOFED, 2015). Beside the total population and the

purchasing power of the people a lifestyle and preferences of people have impact on the choice of types of automobiles.

Since Ethiopia doesn't manufacture automotive and equipment's locally at present, it imports those from various countries of the world. Some companies only assemble and others build bodies of buses and dry and wet cargo on chassis imported with cab.

### ***The SWOT Analysis:***

Identifying firm SWOT once the competition and the industry have been assessed, a firm may wish to perform a SWOT analysis. SWOT stands for strengths, weaknesses, opportunities, and threats. The strengths and weaknesses are internal factors, whereas opportunities and threats are external factors.

A SWOT analysis can be as high-level or detailed as necessary to understand and bring to light the challenges and next steps for the firm in creating strategic initiatives. To fully understand the firm's competitors and the competitive environment, it is imperative that the firm compare its SWOT to its competition's SWOT. Most business leaders will want to ensure that a SWOT analysis is performed on the firm at regular intervals and that input on the SWOT is gathered from many areas of the organization, as well as from the customer.

### **Major Challenges in Implementing the Marketing Strategy**

As Mike Perry (2008) stated in his article of the challenge of successfully implementing strategy, implementing strategy is really hard work. Big strategic ideas are plentiful, yet relatively few strategies can be described as having revolutionized the entire organization.

Perry (2008) stated that, the pitfalls of implementing strategy are as follows:-

- ❖ Not clearly identifying: most of the time the problems occurred managers do not clearly identify the why they need strategy.
- ❖ Increasing misinterpretation of the big strategic idea vision: as it moves out of the executive suite into the organization. A quick survey by people who understand your

strategy and how this should bring fundamental change can quickly pinpoint if and where this is the cause of non-delivery.

- ❖ Inadequate realignment of company resources with the new strategy: old habits die hard! For example, the sales team might concentrate on customers that have been historically important. Strategy might, however, require considerable investment in emerging groups of customers. Fundamental questions must be asked about how to successfully “break with the old” a tough thing for incumbent managers to do.
- ❖ Leaving the brand/product portfolio untouched. New strategies require a hard look at which brands/products to reposition, divest and where new ones may be created or acquired.

### **2.3 Empirical Framework**

There are a number of studies that are relevant to the study the marketing strategies of automotive industries that taken out of this country. An empirical study was conducted by Jeannie Bhatia (2013), in Marketing Strategies of Car Manufacturers in India and Hazel (2012) the current marketing strategy of Nissan in japan. The data collected from a set of car owners who had brought the choicest brand belonging to 12 cars manufacturing Companies in Delhi and from Nissan Company in japan.

The finding of the study revealed that as the following:

- ❖ The product strategy significantly important towards car brands.
- ❖ Regarding the place/availability related attributes in the car brand preference, ‘service’ and ‘waiting time post booking’ from dealers/companies were found most important factors for place strategy.
- ❖ Only the ‘price’ a car significantly important towards choices in the price related attributes.
- ❖ After-sale maintenance costs were noted the significant and most important attributes to pricing strategy.



- ❖ The study noticed that car buyer perceive information regarding repairing and maintenance services as provided by manufacturer/dealer an important aspect in their brand choice process.
- ❖ The pricing strategies have strong influence on the perceptions of customers.
- ❖ Promotional strategies highly support the brand preference of the vehicles.
- ❖ PESTLE environments have strong influence on companies marketing strategy.
- ❖ Cost leadership strategies have negative impact on perception of customers.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter describes and justifies the methodology selected to collect and analyze the data and address the research questions. The chapter begins with research design. Then the population and sampling technique, source and tools of data collection, procedures of data collection, reliability test, and method of data analysis, conceptual framework and ethical consideration was addressed in this section.

#### **3.2 Research Design**

Since the research topic is assessment of marketing strategy practices in Nyala Motors S.C. the research design was descriptive study to describe the problems associated with the marketing strategy and obtain the desired results of the company and to explore detailed evidence about the problems.

#### **3.3 Sampling and Sampling Technique**

The target population of the study was manager and all employees of the marketing and sales department in Nyala Motors S.C in Addis Ababa. The total number of employees who are working in marketing and sales department are 33(annual report 2014/15).Closed-ended questionnaires to all marketing and sales staff and interview questions was forwarded to marketing and sales manager of the company. The selection of the respondents was determined by using non probability sampling. The respondents of marketing and sales staffs where taken as a total population of the study.

#### **3.4 Source and Tools of Data Collection**

In order to gather the data from relevant source, a both primary and secondary data collection instrument was used. The primary data was conducted in the form of personal interviews with marketing and sales managers and a closed-ended questionnaire was distributed to marketing

and sales department staffs. On the part of secondary data, the research was refer marketing strategy document. The research was used nominal measurement which is used to know the current marketing strategy practices of Nyala Motors S.C.

### **3.5 Procedure of Data Collection**

In the process of collection of research data this study was followed some steps. The first step before distributing questionnaires and interview to the participants; the researcher tries to get information from the company regarding the marketing strategy practices and then the researcher would ask the willingness of the company. When the researcher confirmed the willingness of the company, the next step is preparing a letter of support from the university to the company. After getting consent from the participants, the questionnaires and interview was forwarded to the respected participants. The questioners and interviews were prepared in Amharic language and the researcher will translate in to English Language. Finally the researcher was acknowledged and thanks all participants for their precious time to have met at the sessions.

### **3.6 Method of Data Analysis**

The collected data was analyzed and interpreted by using both qualitative and quantitative techniques. The data were collected by interview a questionnaire was analyzed qualitatively. A closed ended questionnaire was analyzed quantitatively using descriptive static tools. In this study descriptive statistical tools /frequency and percentage/ were used in the form of table and also to analyze data the researcher was used SPSS software packages.

### **3.7 Ethical Considerations**

In this study all participants and data collection was remain confidential and identifies of respondents remain secret. Moreover, the privacy of all respondents was respected in reporting of this research. In this study, for each participant the purpose of the research was being explained before the research questionnaires and an interview are conducted and also attempt to get consent from participants before the survey and interview was

## CHAPTER FOUR

### DATA PRESENTATION AND ANALYSIS

#### 4.1 Introduction

In this section, the overall marketing strategy practice of Nyala Motors S.C is discussed. This data analysis and interpretation is composed of different data and information that were gathered through secondary (written documents) and primary data (personal interviews with marketing managers and the result of questionnaires from employees' opinions). The focus of this section is mainly on the marketing strategy practices of the company with respect to segmentation, target marketing, position and marketing mixes (product, pricing, place /distribution and promotion strategy) that constitutes for marketing strategy applications or practices.

#### 4.2 Questionnaire Analysis

Self-administered questionnaires were distributed to 33 employees of marketing and sales department staffs of the company. Among these, 31 (94%) were kind enough to fill the questionnaires properly and return them on time. The remaining 2 (6%) failed to complete and return the questionnaires. All the returned questionnaires were properly completed and were considered for the analysis.

**Table 1: Total Number of questionnaires distributed, returned and unreturned**

Questionnaires	Numbers	Percentage
Returned	31	94
Unreturned	2	6
Total distributed	33	100

#### 4.2.1 Profile of Respondents

**Table 2: Educational Background of Respondents**

<b>Educational Background</b>	<b>Frequency</b>	<b>Percent</b>
Vocational school	2	6.5
BA/BSC	23	74.2
MA/MSc	6	19.3
Total	31	100

As the above table shows that, 74.2 percent of the respondents are BA degree holders, 19.3 percent are Master's degree holders and the remaining 6.5 percent have completed vocational school. From this analysis it can be concluded that all the respondents are educated implicating that it is a good advantage for marketing strategy application and gives the organization a competitive advantage. In general 94% of the employees are educated. This means that the company have internal strengthen that helps to achieve the company's objective. According to phely (2005) human resource is one of internal capabilities that are needed for implementing strategy. In general, it implies that the Nyala motors has one of internal strengthened to implement its marketing strategy in order to achieve its objective.

**Table 3: Work Experience of Respondents**

<b>Work Experience</b>	<b>Frequency</b>	<b>Percent</b>
2-5 years	5	16.1
5-10 years	16	51.6
10-15 years	10	32.3
Total	31	100

Concerning the work experience of respondents, 51.6 percent of respondents have work experience of 5 to 10 years within the company, 32.3 percent have 10 to 15 years of experience and the remaining 16.1 percent of respondents have 2 to 5 years of experience. A longer year of experience shows that there is a relatively lower employee turnover as a result reduces cost and time of recruiting new employees which plays a greater role to achieve objectives and maximize its profit.

## 4.2.2 Target Market

**Table 4: Employee's Opinion towards Target Markets of the Company**

Target customers	Frequency	Percent
Banking sector	21	67.7
Manufacturing sector	28	90.3
construction companies	31	100.0
Nongovernmental organization	22	71.0
Governmental organization	28	90.3
Individuals	22	71.0

Companies use target marketing to tailor for specific markets. The most crucial activity of the marketing strategy is identification of target market. As the table below shows, all of the respondents said that the company primary targets construction companies, 90.3 percent governmental organizations & manufacturing sector, 71 percent individuals & non-governmental organizations and the remaining 67.7 percent banking sectors. This implies that the company uses undifferentiated marketing strategy. It means that Company's target customers are everyone who has a capacity to buy vehicles. When the company adopts undifferentiated target strategy; all customers in the market have similar needs and wants that can be reasonably satisfied with a single marketing program (Kotler.p.2007). This shows that the company follows a single product or brand, one price, one promotional program and one distribution system because they considered that the market is homogenous. Currently the company used un-differentiated target strategy. It means that Company's targeted everyone as a customer.

When the company adopts un-differentiated target strategy; all customers in the market have similar needs and wants that can be reasonably satisfied with a single marketing program (Kotler.p.2007). However, Scholars like Drummond & Ensor (2005) conclude that automotive industry targeted by segmented and concentrated targeting strategy. This implies that the current target strategy have poorly designed to achieve its objectives.

#### 4.2.4 Sales of Products

**Table 5: Sales of the Company's Products**

<b>What differentiate your product from others?</b>	<b>Frequency</b>	<b>Percent</b>
Fuel efficiency and consumption	7	22.6
Safety feature	5	16.1
Design	27	87.1
Engine Power	3	9.4
Advanced Technology	13	41.9
Resale value	3	9.4

Source: Own Survey, 2017

Of all the strategic decisions to be made in the marketing plan, the design, development, branding, and positioning of the product are perhaps the most critical because of that positing of the product helps to achieve the objective of the company. As indicated on table above, 87.1 percent of respondents believe that the company's products design of the company products differs, 41.9 percent believe that it is the advanced technology of the products, 22.6 percent believed it is the fuel efficiency of the vehicles and the remaining 9.4 percent believed it is the resale value and engine power of the products respectively.

The result indicates that the company follows slightly differentiation competitive strategy. Thus, the company seeks to create a perception in the minds of customers that their products possess superior characteristics that are unique from those of its competitors in terms of, designed only. This may create small opportunity to sell. However, it has posed great risks to the regarding low resale value, same engine power and safety indicates poor quality which may lead to poor perception in the market. Also, the sales volumes may decline if a competitor introduces/ import a similar product. This may erode competitive advantage. The basic value proposition offered by an organization must be something that is relevant to the target market, it must be differentiated from the competition and it must be sustainable and communicated clearly to that market Whalley (2010). The company's products are not highly different from the rivals. The company imports only 7 type models of vehicles from 106 different accepted Nissans models in the world. This shows that short range of product available in the company.

The analysis part also result indicates that the company follows slightly differentiation product strategy. That is only design. However ,according to Eastern Online, a consumer research organization, when shopping for cars, their top five considerations are, in the order of importance, price, performance, fuel-efficiency, appearance and safety. From this we analyzed that company doesn't properly set its product strategy.

#### 4.2.5 Price of Products

**Table 6: Price of the Company's Products**

Price	Frequency	Percent
Price of products	21	67.7
Price of spare parts	11	35.5
Negotiation price	18	58.1
Offering discounts	18	58.1

Source: Own Survey, 2017

As illustrated in the above table, 67.7 percent of the respondents replied that the company's products price is not affordable. 58.1 percent of the respondents replied that customers need lower price and 35.5 percent need lower cost of spare parts. This implies that the company adopted a strategy that has been focuses on offering high priced product. This strategy may create positive impact on some customer's association price with quality. However, the aim of high price product strategy is to create a superior fulfillment of customer needs in one or several product attributes in order to develop customer satisfaction and loyalty (Slater & Olson, 2001). A firm that pursues the this strategy seeks to create a perception in the minds of customers that their products or services possess superior characteristics that are unique from those of its competitors in terms of image and reputation, reliability, design features and quality (Sashi & Stern, 1995). However, from the product strategy we understood that the company imports not highly-differentiated products from its competitors. So this contradictory result shows that the company did not set the right price strategy that helps to achieve the objectives of the company. Zeithaml (1988), view that monetary cost is one of the factors that influence consumer's perception of a products value .based on this study the table indicates that customers have negative perception to the company's products and also the company's marketing strategy document does not show how product price is set and what



factors are considered in the setting pricing strategy. From the above analysis, it can be concluded that the company does not follow the theoretical aspects of setting the right price of products. In general the pricing strategy of the company tells us about the problem to achieve the objectives.

#### 4.2.6 Distribution Channel

**Table 7: Company’s Distribution Channel**

Distribution channel	Frequency	Percent
Personal selling	29	93.5
On-line sales	3	9.4
Indirect through intermediaries, agents and dealers	19	61.3
Word of mouth	9	29.9

Source: Own Survey, 2017

A distribution strategy is a plan created by the manufacturing department of a company that outlines how the company aims to make its products available to retailers, intermediaries and consumers (Whalley, A., 2010). The strategy focuses on the location of the target market, transportation and the storage of the stock Wholesaler/Distributor.

Companies used one or more distribution channels to grow their revenue and market share more quickly than competitors. End-users get the information and service they need before and after the sale. If they reach end-user through wholesalers or other channel partners, they created many successful marketing programs to drive revenue through the channel committed to their success. In contrast if the company’s distribution strategy is trouble with current system, may not be effectively reaching end-users; the prospects probably aren’t getting the information and service they need to buy companies product.

As table 7 demonstrates, 93.5 percent of the respondents answered that the company’s sales process is done through personal selling, 61 percent through indirect channel, 29.9 percent by word of mouth and 9.4 percent through online sales. The result indicates that the company’s distribution channel (marketing channel) mainly focuses on direct channels i.e. through the company’s offices and indirect channels such as intermediaries or agents who address the products from the company to the consumers. This implies that customers get the information and service they need before and after the sale this drive the company to the revenue.

#### 4.2.7 Factors Affecting Product Distribution

**Table 8: Factors Affecting Product Distribution**

Place	Frequency	Percent
Location	9	29
Waiting time	18	58.1
Plot size	12	38.7
Company assortment	19	61.3

Source: Own Survey, 2017

The table above demonstrates that 61.3 percent of respondents believe the product of the company's products are affected by assortment, 58.1 percent by waiting time, 38.7 percent by plot size and the remaining 29 percent by location of the company. This implies that customers have limited choice to buy a company's product which means company's product length (to the total number of items in the mix) and depth (how many variants for each product offered) are not wide which results dissatisfaction among customers. In addition to that the situation erodes company's competitiveness result in declining sales volume of the company and shifting customers to the competitors.

#### 4.2.8 Promotional Activities

**Table 9: Company's Promotional Activities**

Promotional activities	Frequency	Percent
TVs ADV, printing medias, websites	13	41.9
Public relation	5	16.1
Seminar /Exhibition	13	41.9
Personnel selling	29	93.5

Source: Own Survey, 2017

Promotion could be viewed as the manner in which a company creates awareness among consumers and lures them into purchasing their products. In the case of Nyala Motors, various promotional activities are implemented. As shown in the table below, 93.5 percent believe that the company uses personal selling, 41.9 percent sells promotion, 41.9 percent advertising and the remaining 16.1 percent public relation. This implies that the company uses various channels of promotion to improve its market share but a personnel selling is the

best from the others promotional mix, sales promotions and advertising follow with wide gap. The current promotional tools of the company designed in poor way. In contrast with the above table Colley (1961), stated that stated that sales promotion is designed to stimulate consumer purchasing, dealer and sales forces effectiveness in short time, through temporary incentives and displays other than personal selling. General we conclude that a promotional tool of the company poorly supports the current marketing strategy of the company.

#### 4.2.9 Effectiveness of Promotional Tools

Table 10: Effectiveness the Company Promotional Tools

Effectiveness of Promotional Tools	Less effective		somewhat effective		most effective	
	Frequency	%age	Frequency	%age	Frequency	%age
Advertising	18	74.2	8	25.8	0	
Personal selling	5	16.1	26	83.9	0	
Sales promotion	18	74.2	8	25.8	0	
Public relations	19	61.3	12	38.7	0	

Source: Own Survey, 2017

As illustrated in table 10, majority of respondents noted that personal selling is somewhat effective than the other promotional tools implemented by the company. The respondents believe that advertising and sales promotion are less effective than the remaining promotional tools. Firms must employ one or more of a variety of promotion tactics, including advertising campaigns online promotion campaigns, direct sales, media releases, published articles in journals and advertising on the Internet (Fitzgerald, 2007). From all advertisement play a vital role in the field of marketing of any product and service (Armstrong, 2004). Any organization can communicate its mission, objectives, services and product to its target market. Advertising is one of the most imperative promotional tools for companies to direct persuasive communications to desired buyers and public. However the company's current promotional tool focuses on personal selling in this sense, the practice that was taken by the company very far from the literature Nyala are not working aggressively to push the Nissan vehicles in the market.

#### 4.2.10 The Current Marketing Strategy

Table 11: Company's current Marketing Strategy Effectiveness

Overall Marketing Strategy	Frequency	Percent
Least effective	19	61.3
Somewhat effective	12	38.7
Total	31	100.0

Source: Own Survey, 2017

Today in this century, any business cannot sustain without the marketing strategy. The concept of business needs strategy to get the identity in the market and sustain in the market competition. The companies market of vehicles has really become intensive competitive as there are lots of automobile brands in the market. There is no doubt that customers have many options to choose or shift easily to others. To become successful in such hard market situation, each every marketer is trying to provide as much facilities that can be offered. This should be facilitated through different strategic methods.

As illustrated in table 11, 61.3 percent of respondents believe that the company's current marketing strategy is less effective whereas the remaining 38.7 percent of respondents replied that it is somewhat effective. This implies that the current marketing strategy do not support to increase the market share of the company .Thus it is heavy to achieve the company's objective. In contrary studies shows that Marketing strategy is important because it helps in meeting the marketing objectives of a company (Schnaars, 1998).

In general, 61 percent of respondents believe that the company's current marketing strategy is less effective. This implies that the current marketing strategy do not support to increase the market share of the company. In contrary, to this study Schnaars (1998) shows that marketing strategy is important because it helps in meeting the marketing objectives of a company.

On other hand, literature revels that using the wrong marketing strategy may result into loss of valuable resources such as time, finances and overall decline in performance of an organization (Ferrell & Hartline, 2011). From this we analyzed that result for un-effective marketing strategy like low performance, bad reputation, low customer loyalty and negative attitude to the company all this resulted lead to decline the market share of accompany.

### **4.3 Interview Analysis**

To gather additional information on the marketing strategy practices of Nyala Motors, interview questions were forwarded to the marketing manager. Accordingly the interviewee's responses to the questions are depicted briefly as follows.

#### **4.3.4 Market Segmentation of the Company**

According to the interviewee's response, the company has segmented its customers in segments as A segment (first buyers), B segment (middle income buyers), SUV segment (two wheel car), Medium UV and large UV (for wealthy people), passenger vehicle (pick up), and commercial vehicle. This implies that the company's segmentation strategy is based on demographic segmentation which involves segmenting the market in variables like income.

#### **4.3.5 The Company's Target Customers and Product Positioning**

The company targets the population at large who have the capacity to buy the company's product. Implies that currently the company used mass (un-differentiated) market targeting strategy. However, the company's marketing strategy document does not clearly identify those target markets. According to the marketing manager, the company has positioned its products to customers by providing quality product. This means that the company imports products relevant to the target market, differentiated from its competitors. However, we understood from table 9 the response of employees to the product of the company shows that the products are not highly differentiated. Despite the fact positioning refers to how customers perceive a firm's offering relative to competition. This implies that the current positioning strategy of the company do not contribute to the overall marketing strategy of the company. On other hand it shows that customers have some negative attitude to the company's product. Kotler.p. (2007) also conclude that positioning must perceived by target market compared to the competition. Literature reveals that there are different positioning strategy that support overall marketing strategy this are specific product attribute, product benefit, usage occupation, product and user class strategy (Whally2010). However, Company does not clearly identify positioning strategy.

### **4.3.6 Marketing Strategies Designed to win the Competitors**

Competitor analysis helps the company to understand its competitive advantages relative to competitors. It also generates understanding of competitors past, present and most importantly future strategies. Preparing strategy for the organization, the analysis of the strategies of competitors has to be carried out. In highly uneven product industries, the progress of any single competitor may be less significant; but in intensive industries environments the analysis of the opponents becomes vital as an ingredient of strategic planning. According to Porter (1980), Competitor analysis primarily achieves two results. Information about key competitors is first compiled and then the information is utilized to foresee the competitor activities. The objective of the of competitor analysis is essentially to comprehend the competitors with which to struggle, strategies and planned actions of the opponents, probable reactions by the competitor and finally how to manipulate behavior of the opponents to the firm's own benefit. Insufficient knowledge about competitor is generally not enough in competitor analysis. To a certain extent, competitors should be evaluated methodically, using organized contestant intelligence collection to accumulate a large range of information so that well conversant strategy conclusions and relevant decisions can be made.

According to marketing manager, the main competitors of Nyala Motors are Toyota, Honda, Hyundai and Lifan Motors, Mesfin industrial engineering (PEGOT) among others. However, the analysis of the strategies of competitors has to be carried out properly. In addition, Toyota has been the major competitor of Nyala Motors in terms of market share. It focuses on differentiation of its productions as opposed to unclear strategy used by Nyala Motors (Deloit, 2014). This implicates that the company do not follow the right way of competitor analysis

### **4.3.7 Marketing Mix (4Ps) Implemented**

#### **i. Product Strategy**

The interviewee noted that the company has adopted a product strategy this not highly differentiated. The company imports from 106 models accepted brands in globally only short/limited range of vehicles models that are Nissan patrol (V8),Almera, Micra, X-terra, Sunny, Juke, Navara, and Nissan mini bus in the market. The vehicles are not highly exclusive as compared to similar models developed by its competitors. This implies that it is difficult for

the company to convince customers the difference between its products and its competitors particularly to potential customers.

#### **ii. Price Strategy**

The price of most of the company's products is higher than its competitors as per the marketing manager. This is believed to somewhat affect the perception of customers positively since people intend to associate higher price with higher quality. However, without having much differentiation, the higher price of the products may have led to negative perception to the company results declining sales volume.

#### **iii. Place Strategy**

The place in the context of the marketing mix could be viewed as the nature in which a company distributes its products to consumers. As per the interviewee, the company distributes its products through select distribution system. Currently, the company sells its product through different outlets that are found in Addis Ababa, Awassa, Gonder, Mekele ,Bahir Dar, this implies that they used selective distribution system.

### **Promotion Strategy**

The company implements several promotion strategies to improve the sales revenues of its products which includes TV and radio, magazines, and billboards advertising, and sales promotion among others. However, the company current strategies contradict with literatures and do not properly support the marketing strategy.

### **4.3.8 Factors Considered in Formulating the Marketing Strategy**

According to the marketing manager, the company has not properly assessed the internal and external environment before designing the marketing strategy and also the company document doesn't show factors that should be considered. This implies that in the formulation of the strategic document the company did not properly consider internal (unique resources, capabilities and core competence) and external environmental analysis. Hence, the marketing manager made a brief description of SWOT and PESTEL analysis of the company which is presented as follows:

### ***SWOT Analysis***

- ✓ Strengths: it has a strong brand that was built over the last 60 years in addition to its strong financial position. This allows the easier execution of the marketing strategies that help to gain a market leader position.
- ✓ Weaknesses: the company has not fully exploited the market. It has been surpassed by Toyota in the domestic market due to a relatively weaker marketing strategy and reputation. The companies also have a short –range of importing new vehicles.
- ✓ Opportunities: the company has an opportunity to sell more vehicles since there is a growing demand for vehicles in the construction sector and the banking sectors in addition to the growing economy of the country contributing to the growing demand for vehicles.
- ✓ Threats: shortage of foreign exchange, new entrants to the market like PEJOT and current political instability in the country are considered as the major threats to the company and the automobile industry at large.

### ***PESTLE Analysis***

- ✓ Political Environment: has direct impact on country's business environment and when it comes to undeveloped nations like Ethiopia, whose economy has been seriously affected by the political conflict last year .However, the stable political environment for long time of the country has been an advantage for Nyala.
- ✓ Economic Environment: it relates to growth in the output of the economy as the whole. Over time real economic growth leads to major improvement in living standard, expanding existing market, opening new ones. The real economic growth of the country relative to important indicator of business opportunity. When a business enterprise is setting objectives and strategy for future, economic growth is a vital factor to consider. On thus sense, the economy of Ethiopia has been favorable for Nyala motors. According to MOFED (2015), per capital income of the country is increasing from time to time indicating that the purchasing power of the society is increasing. However, the economy has remained unstable in the recent past years which has negatively affected the performance of the company.
- ✓ Social Environment: We can consider various factors such as population growth rate of the country, age distribution, and carrier attitude of the people. The company must try to understand the perception, preferences and behaviors that usually influence the welfare of a business firm in the long run. The perception towards the products



offered by a company in the market is also a key factor that influences the performance of a company. The consumer approach towards vehicles in the market has been a positive factor that has influenced the performance of the company in the country.

#### **4.3.9 Challenges of Marketing Strategy Implementation**

The company faced with some problems while implementing the marketing strategies. The interviewees forwarded major problems regarding the marketing strategy implementation such as: lack of effective communication, lack of coordination among divisions and departments, Structure problem, inadequate promotional, delay in decision making process and poor planning. This implies that the company doesn't clearly communicate company's vision and goal to all staffs and managers and negative impact on sales performance.

Other challenges to implement are;

- ❖ Ethiopia is poor country due to expensive price and it has not yet manufactured imported vehicles are expensive
- ❖ Vehicles maintenance cost is also expensive as spare parts has to be imported as well.
- ❖ International standard roads are not constructed in the country yet and pitched/graveled roads are available it is difficult to import light vehicles.
- ❖ Narrow roads of the country difficult to drive small vehicles this results to accident rate has increased and quick delivery of goods to the cars has made difficult.

## CHAPTER FIVE

### FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

#### 5.1 Introduction

This chapter presents the summary of findings conclusion and recommendations made after thorough analysis of the data. In addition, issues that were not included in this study due to limitation and that need further research are forwarded.

#### 5.2 Major Findings

The major findings of the study are

- ✓ The company targets its market based on undifferentiated targeting strategy as confirmed by the majority of the respondents
- ✓ The current positioning strategy has negative impact on customer's attitude as confirmed by majority of the respondents (93%)
- ✓ The company's product strategy is not supportive to the objectives of the company as confirmed by majority respondents.
- ✓ The company's product are not highly differentiated as confirmed by 87% respondents
- ✓ The company's products price are relatively higher than its rivals as confirmed by 93%. respondents
- ✓ Assortment and waiting time are factors 58.1 % & 38.1 respectively that affect the company's product distribution as confirmed by respondents
- ✓ From promotional tools only personnel selling is the company's best promotional strategy practices as confirmed by 90.3% respondents
- ✓ Sales promotion, advertising and public relation are 74% & 61.3 as respectively less effective tools of the promotional activities as confirmed by respondents
- ✓ The current company's marketing strategy practices are less effective as confirmed by the majority of the respondents (61.3%)

### 5.3 Conclusions

This study assessed the marketing strategy practices in Nyala motors S.C. Based on the analysis and the findings of the study the following conclusions were made.

Marketing strategies are the means by which the marketing objectives will be achieved. The employees and managers of the marketing department are genuinely performing their duties to achieve the company's objectives. The smooth communication flow between marketing and other departments are the main important issue for the success of the company.

Nyala employs each of the marketing strategy elements to achieve its objectives. Those elements are selection of target customers, segmentation strategies and marketing mix strategy elements. Selection of target customers is a fundamental activity of the marketing strategy. The company provides its products to everyone. This shows that those target customers are homogenous and the customers need is identical.

Market segmentation is the activity of subdividing the market along with some commonalities, similarity or kinship. It is also classified based on the customer characteristics such as demographic, geographic, behavioral and psychographic or lifestyle segmentation. However, among those segmentation bases the company uses demographic based on income level as a major form of segmentation variables. In addition to psychographic segmentation, Drummond & Ensor (2005) concluded that psychographic segmentation is best for people who have high class sporty attitudes. The current segmentation strategy of the company partially supports the marketing strategy

In today's dynamic market environment sustainability is an issue, without catching the minds of customers companies do not sustain in the market. Companies have many internal and external problems to understand their customers. From this problem, the most difficult one is that not want to run with customers' needs they only want to focus on what they want to sell. From the findings of this study, we conclude that customers have negative attitude to company products associated with bad reputation, resale value, and cost of the products etc. From this we conclude that the current positioning strategy lacks clarity and does not have contribution to the company objective. (Kotler, P, 2007) also conclude that positioning is the

use of marketing to enable people to form a mental image of a firm's product and services in consumers' mind. Positioning provides the bridge between targeting and the marketing mix.

Nyala motors S.C exploit all the 4Ps of marketing mix elements to achieve its target. These marketing mix elements are product strategy, price, promotion and place/distribution strategy. These are vital to implement the marketing strategy effectively inseparable because each mix affects the other. Therefore, all the mixes are essential for the company to achieve its customer requirements.

The company imports only 7 type models of vehicles from 106 different accepted Nissans models in the world. This shows that short range of product available in the company. However ,according to Eastern Online, a consumer research organization, when shopping for cars, their top five considerations are, in the order of importance, price, performance, fuel-efficiency, appearance and safety. From this it is concluded that company doesn't properly set its product strategy. Therefore, the current product strategies poorly support the objective of the company towards to its market share. Previous study that supported the conclusion of this study haled by (Hazel, 2012) concluded that the product strategy that adopted by the company shapes the overall approaches that taken by the company and product strategy significantly important in achieving the objective of the company.

In terms of the pricing strategy, the company sets the high pricing strategy for its customers. A firm that pursues this strategy seeks to create a perception in the minds of customers that their products or services possess superior characteristics that are unique and from those differentiated of its competitors in terms of image. However, from the product strategy we understood that the company imports not highly-differentiated products from its competitors. So this contradictory result shows that the company did not set the right price strategy that helps to achieve the objectives of the company reputation, reliability, design features and quality.

It has not any written pricing policy as a result the prices of the products are depends on different factors like; transportation charges, Competitors' costs, Economic factors, Gross profit costs, Overhead costs, Net profit, Direct costs. Generally, the pricing strategy is not in a single way because there is a highly turbulent environment and the price also will change according to the conditions. The company like any other organization, prices its products to

maximize its profits or the price must cover the whole costs and should gain some profits. but the company works hard to meet market based pricing method.

Promotion strategy is also an essential tool for the practice of the marketing strategy of the company. The company promotional tools are advertising, personal selling, sales promotion and public relation. Promotion concerned with any vehicle promotion have employ for getting people to know more about your product or service. Advertising, public relations, point-of-sale displays, and word-of-mouth promotion are all traditional ways for promoting a product. Promotion can be seen as a way of closing the information gap between would-be sellers and would-be buyers. From those promotional tools, personnel selling is the best from the others promotional mix tools. However, it is important to use sales promotion than that of personnel selling because sales promotion is designed to stimulate consumer purchasing, dealer and sales forces effectiveness in short time, through temporary incentives and displays other than personal selling.

Distribution strategies are concerned with the channels of a firm that employ to make its goods available to customers. The distribution system of the company is brilliant and determines the product's marketing presence and the buyers' accessibility to the product. The selling processes of the products are both through direct and indirect channels. And it plays a great role in maximizing the accessibility of the company product and service.

In the implementation of the strategy, all employees of the company have participated. But mainly marketing department, product & service department, business intelligence and customer service are intimately performed the strategy.

In the formulation of the marketing strategy the company tries to consider some factors, but it is not enough to formulate the strategy. The company didn't prepare a well-defined situation analysis. These are ineffective communication, lack of coordination, and delay in decision making process, lack of knowledge about customers' needs and structure problem in the marketing division are major challenges in the implementation of the strategy.

## 5.4 Recommendations

In order to alleviate the problems that were identified in the study, the following recommendations were forwarded:

- ✓ The company should adopt a new product strategy. This is a strategy in which a company offers exclusive products that have been customized for the needs of consumers. It is a strategy that is used in market where there is high levels of competition. Customer loyalty and brand reputation of the company may increase significantly if the company continues to import new models that have been slightly redesigned and affordable, avoiding spare parts problems and effective promotional tools have been used.
- ✓ The company should also consider segmenting the market based on psychographic focusing on life style.
- ✓ The products' price should slightly decrease to match industry standards or import those vehicles highly differentiated than rivals.
- ✓ In terms of the new promotion strategy, the company should focus on advertising, and sales promotion in luring customers and creating brand awareness strategy.
- ✓ The management of Niyala motors should import superior products; charge competitive prices, position appropriately, promote widely, and provide other distinctive functional benefits to consumers. The company also needs to pay more attention to their customers in order to understand their needs and expectations as well and to keep in touch with them.
- ✓ In general the marketing mix should also be adjusted, products should be more differentiated, prices should be slightly adjusted downwards, more distribution centers should be opened and more investment should be made on advertising, sales promotion and public relations.
- ✓ Strategy formulation is the course of action companies take to achieve their defined goals. To achieve the defined goals, the company should consider formulating marketing strategy by diagnosing the internal and external market environment thoroughly.
- ✓ After sales service support should be well maintained and upgraded since satisfied customers are the best advertiser of the product. The company should try to give the maintenance service with the latest technology available in the international market.

- ✓ As the automobile's industry in the country are not able to deliver the cars on time due to the currency shortage and others custom problems so waiting time bothered customers so that, the company should focuses on the delivery time of the vehicles and should not be promise any which they cannot do later. So, it is better to tell the fact when they actually can deliver the vehicles mentioning the circumstance around.

## **5.5 Limitation and Directions for Future Research**

As can be said for all research, this study does not proceed without limitations. The major limitation of this study was finding employees who will take time and fill out the questionnaires properly. Misinterpretation of various items on the questionnaire and incomplete questionnaires were the other limitations that the study faced. Furthermore, time was another limitation since questionnaires were not returned in the time that was provided.

The researcher has assessed the marketing strategy practices of the Nyala S.C from the company perspectives only. Therefore, it is better for any forthcoming researcher who wants to investigate similar issue by involving the customers, intermediaries and other stakeholders. The study was also covered only the 4Ps of marketing mix, thus other researcher may consider the other 3ps for further studies. Additionally, it is better if comparative study could be conducted with Toyota Company with similar issue.

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## Dear Interviewee

The purpose of this questionnaire is to enable me carry out a thesis for the partial fulfillment of Master's of Art Degree in Business Administration. The questionnaire is prepared to gather data for the thesis on the “**Assessment of Marketing Strategy Practices at Nyala Motors S.C**”. Hence, I kindly seek your assistance in responding to the questions listed below. Any information you present will be kept confidential and will be used only for academic purpose. I believe the information you provide will be pertinent and helpful to my study and your cooperation and prompt response is highly appreciated.

- 1) What businesses are you in and describe your company in general?
- 2) Who are your target customers and what criteria should be used to select a target market and what is your targeting strategy?
- 3) What is your segmentation strategy and how do you identified it?
- 4) How the company does position its products and how your product perceived in minds of your customers and what is your strategy?
- 5) Which organizations are your main, direct competitors? And how do they differentiate themselves? What strategic or tactical elements do they use that threaten your success?
- 6) What is your current pricing strategy?
- 7) What factors do you consider in setting pricing strategy? Or what are the bases for your pricing strategy?
- 8) What distribution objectives and strategies are the company pursued?
- 9) What key messages are you trying to communicate to your customers?
- 10) What promotional tools do the company used?
- 11) What are the challenges to implement marketing strategy?