SCHOOL OF GRADUATE STUDIES
DEPARTMENT OF GENERAL MANAGEMENT

THE EFFECT OF MARKETING MIX STRATEGYTOWARDS PROFITABILITY IN THE CASE OF TEFF MILLING INDUSTRY SUB-SECTORS IN ADDIS ABABA

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Addis Ababa, Ethiopia

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

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STATEMENT OF DECLARATION

I hereby declare the thesis entitled “the impact of marketing mix strategy towards profitability in the case of teff milling industry sub-sectors in Addis Ababa” is my original work and has not been submitted by anyone for any degree in any university. All the materials used for the study have been acknowledged.

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Certification

This is to certify that KidistHunelegn has carried out her study on the topic entitled “the impact of marketing mix strategy towards profitability in the case of Addis Ababa Teff milling industry sub sector”. This topic is suitable for permission in partial fulfillment of the award of masters of business administration in general management

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Advisor name	Signature	Date

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Abstract

The aim of this study was to examine the impact of marketing mix strategy (4Ps) towards profitability of Teff milling industry sub-sectors in Addis Ababa. This study was conducted at four Teff milling private limited companies. Respondents were selected purposively based on their working position and census method was employed to select all of 67 respondents working as department manager, division head, senior officer and officer. Questionnaire with a close-ended 5-point Likert scale questions that rates scales ranging from 1- strongly disagree to 5 strongly agree were distributed and SPSS ver. 20 was used to analyze the data for descriptive, Pearson correlations and Multiple regression analysis. Results of this study showed that both male and female respondents with different age category, educational and marital status, and working positions were included in the study. There was a good extent of product and place strategy implementation with a mean of 4.364 and 3.845, respectively. However, the implementation of price and promotional strategies was lesser to some extent, with a mean of 3.742 and 3.211, respectively. The correlation and regression analysis result showed that there was a strong relationship between product and place strategies with the profitability of Teff milling companies. Pricing and promotional strategy was practiced limitedly by Teff milling industry sub sector in this study. Finally, the researcher suggest that industry should decrease their cost to offer better price to customers and more of before implementing the pricing strategy and promotion strategy using the SAVE model is more advisable which means instead of price giving or creating value to the product and instead of promotion education in order creating awareness in consumers mind.

Key words: Place, Product, Price, Promotion

CHAPTER ONE

INTRODUCTION

1.1. Background of the Study

Teff bread, locally known as injera, is a major staple food for many Ethiopians. Most prefer teff to other grains but are, in general, more widely consumed by the economically better off urban residents than by rural households. Teff contributes up to 600 kcal/day in urban areas compared to only 200 kcal/day in rural areas. (FAO, 2015). It is described as a commercial crop mainly because of the high price it fetches and the absence of alternative cash crops (such as coffee, tea or cotton) in the major Teff producing areas of Gojam (Amhara) and Shoa (Oromiya). (Elenie, 2012). The Teff value chain in Ethiopia is involved in input suppliers, producers, traders (local assemblers and wholesalers), retailers, processors, and consumers.

The rapidly growing rate of urbanization and the human population in the country makes an expansion of existing as well as the establishment of food processing industries is an immediate opportunity for investors with expertise in the food, wheat and agricultural sectors.(AACSA, 2016; ATA, 2016).Moreover, the country is one of the largest producers of cereals crops like Maize, Teff, Sorghum, and Wheat. According to CSA (2012), 6069, 3497, 3951 and 2916 tons of Maize, Teff, Sorghum, and Wheat in the year of 2011/2012, respectively. The Ethiopian Investment Commission (EIC) is now encouraging investors to be engaged in food processing and milling industries, and there are about 300 flour mills in Ethiopia. (CSA, 2014).

Processing Teff grain into flour is carried out exclusively by small-scale millers (using hammer mills), which might be a better option for lower income groups who need to mix teff with cheaper cereals and use small mills to produce mixed or lower quality teff flour. (FAO,2015). However, consumers may prefer one-stop shopping (e.g. supermarkets) that reduces (Kings, August) search costs and guarantees the quality and convenience of modern retail outlets for which they are often willing to pay, which also means improved incentives for farmers producing high-quality Teff. (Woldu et al., 2013).

The first decade of the 21st century challenged firms to prosper financially and even survive in the face of an unforgiving economic environment. Marketing is playing a key role in addressing those challenges. Finance, operations, accounting, and other business functions will not matter without sufficient demand for products and services for the firm can make a profit. In other words, there must be a top line for there to be a bottom line. Thus, financial success often depends on marketing ability. (I. Keller, Kevin Lane, 1956- II.)

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

Now a day's in a highly competitive business environment every organization has its own mission to achieve their goals. Primarily they try to maximize their profit by focusing on the fulfillment of their customers need and expectations. To full fill that the concept of marketing mixes has a vital role in the profitability of the organization.

The concept of "marketing mix" was introduced over 60 years ago. In 1953, Neil Borden mentioned it in his presidential address to the American Marketing Association (AMA). In general terms, the marketing mix is a variety of different factors that can influence a consumer's decision to purchase a product or use a service. It most commonly refers to the 4Ps of marketing product, price, promotion, and place. These four factors can be controlled by a business to a certain extent. When "mixed" or blended strategically, they can produce desired behaviors from your target audiences (i.e. signing up as a subscriber or making a purchase).

Marketing strategy starts with market research, in which needs, attitudes, and competitor's products are assessed and continues through into advertising, promotion, distribution, and where applicable, customer servicing, packaging, sales, and distribution. Marketing strategy must focus on delivering greater value to customers and the firm at a lower cost. (Chiliyaet al, 2009).Marketing research also aims to take some of the risks out of marketing decisions by providing information that can form part of the entire basis of decision-making. It applies to all aspects of marketing-mix decisions and should be an integral part of the process of formulating marketing strategy (Proctor, 2005).

1.2. Statement of the Problem

Marketing mix strategies are a set of controllable or the tactical tools in marketing which are used by an organization to meet the needs and demands in the target market (Nagle and Holden, 2012). Therefore, the marketing mix strategies include all the responses of a firm in ensuring their product demand. Firms who aspire have to focus on understanding the customers and developing appropriate strategies to improve their performance.

What inspired this study is the knowledge gap about the effect of marketing mix strategy (4 ps product, place, price and promotion) on profitability of Teff milling industry sub-sectors in Addis Ababa face different challenges that affect the profitability of the industries. From those challenges, the major one is the presence of price-based competition due to a saturated number of small and medium-sized sectors working in each village and the supply of the product at a lower price.

The other problem is difficult to meet immediate demands and customer attitudes. The small and medium-sized sectors process the products by involving the customer in each process. However, the large-scaled Teff milling industries avoid consumer involvement so that there is a question of trust and the customer resists the change. To be benefited from the sector, large scale teff milling industries need to have a better marketing strategy. But, their marketing strategy and the impact of marketing mix on their profitability is not well studied and adequate information is not available, so that the purpose of this study is to identify the impact of marketing mix strategies on the profitability of Teff milling industries and will suggest the possible ways that will help the industries by being competitive and profitable.

1.3. Research Questions

This study is expected to answer the following basic research questions

- To what extent product strategy affect the profitability of Teff milling industry sub-sectors in Addis Ababa?
- To what extent pricing strategy affect the profitability of Teff milling industry sub-sectors in Addis Ababa?
- To what extent place strategy affect the profitability of Teff milling industry sub-sectors in Addis Ababa?
- To what extent promotion distribution strategy affect the profitability of Teff milling industry sub-sectors in Addis Ababa?

1.4. Objective of the Study

1.4.1. General Objective

The major objective of this study was to investigate the impact of marketing mix towards the profitability of Teff milling industry sub-sectors in Addis Ababa.

1.4.1. Specific Objectives

- To identify the extent to which product strategy affect the profitability of Teff milling industry sub-sectors in Addis Ababa.

- To identify the extent to which pricing strategy affect the profitability of Teff milling industry sub-sectors in Addis Ababa.
- To examine the extent to which promotion strategy affect the profitability of Teff milling industry sub-sectors in Addis Ababa.
- To investigate the extent to which place strategy affect the profitability of Teff milling industry sub-sectors in Addis Ababa.

1.5. Research Hypothesis

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

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

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

Hypothesis 4: Place strategy has a positive influence on profitability.

1.6. Significance of the Study

The importance of this study can show the effect and benefits of marketing mix strategy towards profitability to the sub sector mentioned earlier. it will concern on how marketing mix strategy used in order to develop, maintain and attract customers and to maximize profitability of the organization so the study will add knowledge.The findings and recommendation can also serve to other companies as experience.

1.7. Scope of the Study

The scope of the study was limited only to Teff milling industry sub-sectors in Addis Ababa regarding marketing mix strategies. the study is limited to conduct on the organization side and only in Addis Ababa which uncovers the other stakeholders such as customers, government (government regulation on industries) and other regions out of Addis Ababa this factor could be limit the outcome of the research.

1.8. Limitation of the study

Every section of this research was given a timeframe within which it was to be presented. Since the time given for the research was very short, it was a serious problem to allow for adequate data collection on the subject matter. The other challenge was unavailability of sufficient studies or works on the subject matter in national, regional or organizational level which helps for comparison and supports the present study where to aim thoroughly.

1.9. Definitions of the Key Terms

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

Strategy is the determination of the basic long-term goals and objectives of an enterprise, and the adoption of courses of action and the allocation of resources necessary for carrying out these goals (Chandler, 1962). A strategy is a process of translating perceived opportunity into successful outcomes, using purposive action sustained over a significant period.

Marketing strategy is the marketing logic by which the business unit hopes to achieve its marketing objectives (Kotler, et al. 2005).The marketing mix is the set of tactical marketing tools product, price, place, and promotion that the firm blends to produce the response it wants in the target market. Marketing tools or the marketing mix or often referred to as the four P's (The Four Ps of the Marketing Mix) (Kotler and Armstrong, 2012).

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

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

Promotion is the function of informing, persuading, and influencing the consumer's purchase decision (Kurtz and Boone Place is all the company activities that make the product or service available to target customers (Kotler et al., 2005). Profitability is the percentage of total benefit costs which measures revenue minus total costs. (Ivanovic, 1998).

1.10. Organization of the study

This study is categorized into five categories. The first chapter is an introductory part of the paper generally describe the statement of the problem, research questions, significance of the study, objective of the study and limitation of the study. The second chapter is a literature review with theoretical and empirical aspects. The third chapter deals with the research methodology and design. The fourth chapter included data presentation and analysis of the study and the final fifth chapter is the conclusion and recommendation based on the research outcome.

CHAPTER TWO

LITRATURE REVIEW

In this chapter theoretical literature review, empirical review and conceptual framework are included. The main focus of the theoretical literature review is giving an overview of marketing and marketing mix strategy and identifying the 4Ps marketing mix; which is price, place, promotion, and place. The Criticism of the 4Ps Model is also described after the 4Ps marketing mix explanation according to different researchers and academicals of marketing management. After the theoretical literature review and the criticism of the 4Ps, the empirical literature review and conceptual framework are discussed.

2.1 Theoretical Literature Review

2.1.1 Marketing Mix Strategy Overview

Marketing strategy is the marketing logic by which the business unit hopes to achieve its marketing objectives (Kotler, et al. 2005). Marketing mix is the set of tactical marketing tools product, price, place, and promotion that the firm blends to produce the response it wants in the target market. Marketing tools or the marketing mix are often referred to as the four P's (The Four Ps of the Marketing Mix) (Kotlerand Armstrong, 2012).

According to Nagle & Holden (2012) strategy is an underlying concept in strategic management. However, the marketing mix is a set of controllable or the tactical tools in marketing which are used by an organization to meet the needs and demands in the target market. Therefore, the marketing mix strategies include all the responses of a firm in ensuring that the target market positively influences their product demand. Firms who aspire to meet the customer needs often have to focus on understanding the customers and developing appropriate strategies to improve their performance. The following section provides a discussion based on the 4Ps of marketing mix strategies. According to McCarthy (2011) defines strategy as a direction and scope for an organization in meeting long term objectives by configuring its resources in the present dynamic business environment.

2.2. The 4Ps Marketing Mix Model

The 4Ps were created by marketing professor E.Jerome mc Carthy in 1960, seven years after Borden's speech. They are a framework that marketers and businesses can use when designing strategies and campaigns to promote their products and services. This marketing mix frame work (the 4Ps) is discussed as follows: -

2.2.1. Product Strategy

Product is defined as a physical product or service to the consumer for which he is willing to pay. It includes half of the material goods, such as furniture, clothing and grocery items and intangible products, such as services, which users buy (Singh (2016)). Dang (2015) emphasizes that the product is the first and one of the key marketing elements. Author cit. Kotler and Armstrong emphasize that the product: "is what can be offered to the market, to get attention, to be the acquisition of users and can satisfy the wants or needs." Lamb et al (2009) divided the product into two parts, namely business and customer product. A product can be a good or service. When considering a product as a marketing element, issues such as brand, quality, design, and packaging are very important.

1. Product Life Cycle stage marketing strategy

a) Introduction Stage

New-product development and introductory promotional campaigns are expensive and commonly lead to losses in the first stage of the product life cycle. Firms focus their selling on those buyers who are the readiest to buy, usually higher-income groups. Prices tend to be high because costs are high due to relatively low output rates, technological problems in production, and high-required margins to support the heavy promotional expenditures. In this stage, slow sales growth is observed as the product is introduced in the market (Kotler, P., Keller, K.L., Koshy, A., Jha, M.,2009).

b) Growth Stage

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

c) Maturity Stage

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

d) Decline Stage

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

- Kotler suggested that a product should be viewed on three levels.

Level 1: Core Product, what is the core benefit your product offers? For example, customers who purchase a camera are buying more than just a camera, they are purchasing memories. (Kotler principle of marketing edition 4)

Level 2: Actual Product, all cameras capture memories, therefore you aim to persuade them to capture memories with your camera. The strategy at this level is to add branding, features, and benefits which offer a differential advantage over your competitors. (Kotler principle of marketing edition 4)

Level 3: Augmented Product, this level is about exploring if there are any additional non-tangible benefits you can offer. Competition at this level is based around after sales service, warranties, delivery and so on. For example, John Lewis a retail department store offers a free five-year guarantee with television purchases. A five-year guarantee offers their customers peace of mind that their television will be repaired or replaced should a fault develop. (Kotler principle of marketing edition 4).

2.2.2. Pricing strategy

According to Kotler and Armstrong, price is defined as the amount of money to pay for a product or service, or the value of the exchange help customers receive a product or service for a certain amount. "Thus, the direct cost of the period is the amount of money the buyer has to pay for the product or service that is likely to buy it." The price may also be defined as a monetary expression of value for the consumer agrees to pay" (Entrepreneurship Academy 2012). The price is the amount that the consumer must pay, which would involve exchanges, so the price of the product depends on the different elements of change. The price is the only marketing element, on which income and all other elements are related to the cost.

Thus, price is one of the factors affecting the consumer, because it helps them to understand the value of the product. Also, the price can be specified as an actual or valuable, giving value, and the price of companies to identify their products or services in the role as the regulation of its marketability (Owomoyela, Olasunkanmi, Oyeniyi (2013). Price changes have an inverse relationship with sales (demand) for a normal good and other thing assumed. Pricing includes discount, allowance, and credit. Research indicates that there is a positive relation between suitable prices with customer loyalty. (Martin, Ponder, and Lueg, 2008) It must be remembered that customers who are loyal to a brand or company will always be less price sensitive. In this industry, prices do not differ significantly within the same location.

Therefore, for the service stations to retain their customers and attract new ones, the quality of service will be the differentiate along with locations Factors to be Considered When Setting Prices pricing decision is affected both by internal and external company factors. Internal factors affecting pricing includes the company's marketing objectives, marketing mix strategy, cost, and organization. External factors affecting pricing include the nature of the market and demand, competition and other environmental factors (economy, resellers, and government). According to Collins, H.G. Parsa H.G., (2006),

- **Three common approaches to pricing are defined as follows.**

a. Cost based pricing

Products are priced to yield an equitable profit above and beyond all costs associated with the production of the Cost-based pricing ensures that products are priced so that an equitable contribution margin is attained above and beyond the costs associated with the production of the product; however, it is difficult to appropriately determine the unit cost associated with the product since unit costs fluctuate with sales volume (Nagle and Holden, 1995).

b. Customer-driven pricing

Customers are not motivated to be candid relative to that they are willing to pay for a product. Also, a sales organization's role should not be to simply take orders at whatever price the customer is willing to pay. The responsibility of an effective sales organization is to raise customers willing to pay a price that better reflects the product's true value (Nagle and Holden, 1995).

c. Competition driven pricing

This strategy can be quickly matched by competitors, which initiates a downward spiral of prices. The role of the sales and marketing organization is then to raise the customer's willingness to pay a price that reflects the product's true value as opposed to merely processing orders at whatever price the consumer is willing to pay (Nagle and Holden, 1995).

d. New Product Pricing Strategy

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

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

II. Price Penetration: -involves pricing the product relatively low compared to similar goods in the hope that it will secure wide market acceptance that will allow the company to raise its price. Penetration pricing discourages competition because of its low profits. It is often used when the firm expects competition with similar products within a short time and when large-scale production and marketing will produce substantial reductions in overall costs. Pricing Adjustment Strategies Some of the strategies are; discount and allowance pricing, segmented pricing, psychological pricing, promotional pricing, value pricing, geographical pricing and international pricing (Kotler P, 2007).

e. Pricing Adjustment Strategies

Some of the pricing adjustment strategies are; discount and allowance pricing, segmented pricing, psychological pricing, promotional pricing, value pricing, geographical pricing and international pricing (Kotler P, 2007).

2.2.3. Promotion Strategy

Promotion strategies are concerned with the planning, implementation, and control of persuasive communication with customers. The promotion strategy in a company is designed to customers (Shimp, 2007). To communicate well, marketers have the option to choose from or blend the promotion mix which consists of the specific blend of advertising, public relations, personal selling, sales promotion, and direct marketing tools that the company uses to persuasively communicate customer value and build customer relationships (Kotler and Armstrong,2012).

Some literature claim that these communication tools are so varied that it includes both traditional and modern communication forms. The primary forms of marketing communications include traditional mass media advertising (TV, magazines, etc.);online advertising (Web sites, opt-in e-mail messages, text messaging, and so on); sales promotions (such as samples, coupons, rebates, and premium items); store signage and point-of-purchase communications; direct-mail literature; marketing-oriented public relations and publicity releases; sponsorships of events and causes; presentations by salespeople; and various collateral forms of communication devices (Shimp, 2007). In addition to these means, social media has got recent acceptance in the globe as an effective means of product communication.

Promotional Mixes

These strategies may be designed around advertising, personal selling, sales promotion, and publicity.

I. Advertising strategy

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

II. Sales Promotion Strategy

Sales promotion is the economic and informational incentives, which are offered by firms to buyers or distributors (Guiltian and Paul, 1982). It emerged as a reaction by manufacturer s marketers, and marketing strategies like to find a short-term solution to the problems of excess stock of goods which are available in variables manufacturer s warehouses but are not demanded by consumers and organization (Aham, 2008).

Sales promotion offer three distinctive benefits: (1) communication (they gain attention and usually provide information that may lead the consumer to the product); (2) incentive (they incorporate some concession or inducement that gives value to the consumer); and (3) invitation (they include a distinct invitation to engage in the transaction now).

III. Public Relations Strategy

The essence of public relation is to look after the quality of the relationship between the organization and its different publics and to mutual understanding. Public activities, for example, the maintenance of corporate identity and image; charitable involvement, such as sponsorship, and community initiatives, media relation for news as for crisis management such as damage limitation. (Brassington and Pettitt, 2000).

IV. Personal selling strategy

Personal selling is an in promotion, the four Ps in the marketing mixes. Personal selling has three distinctive qualities: (1) Personal confrontation (it involves an immediate and interactive relationship between two or more persons); (2) cultivation (it permits all kinds of relationships to spring up, ranging from a matter-of-fact selling relationship to a deep personal friendship); and (3) response (it makes the buyer feel under some obligation for having listened to the sales talk). Salespeople perform one or more of the following tasks: Prospecting, targeting, communicating, and selling approach, Servicing, Information gathering, and Allocating. (Brassington and Pettitt, 2000).

2.2.4. Place/distribution Strategies

After products are produced and priced, they must be distributed to the marketplace. All organizations perform a distribution function. Many companies do not sell their products directly to end users. Distribution strategies are concerned with the channels a firm may employee to make its goods and services available to customers. Decisions about marketing channels, which help producers deliver goods and services to their target markets, are among the most critical facing management because the channels that are chosen intimately affect all of the other marketing decisions.

The two major components of an organization's distribution strategy are distribution channels and physical distribution. The distribution channels are the paths that goods and to them follow from producer to consumer. By which all organizations distribute the goods and services they are producing and marketing. The two main categories of marketing intermediaries are wholesalers and retailers like canned and retailers to reach the consumer, are people and firms that sell primarily to retailers and other wholesalers or industrial users. A major component of distribution strategy is a physical distribution which comprises the actual movement of goods and services from the user. Physical distribution covers a broad range of activities. These tasks include customer service, transportation, inventory control, materials handling, order processing, and warehousing.

Businesses need to decide on the place of purchase or where and how to distribute the product to the customer. The consumer would be satisfied if products are made available at the right time, in the right place and the right quantity. (Hashin, 2011). The place is also referred to as the distribution of a product. It is defined as the process and method by which products or services reach customers (Martin 2014;Uznienė, 2011) states that "distribution - companies' products in the dissemination of measures to ensure the identification and implementation. Distribution - that helps customers and users to find and keep purchase those products from those manufacturers/providers with them at the time of need. "Distribution - this element of the marketing mix, which includes decisions and actions related to the movement of goods from the producer to the consumer" (Matola 2009).

Uznienė (2011) argues that the marketing distribution function is two-fold.   The first one distribution perceived as a marketing channel, whose purpose - to make the service become not only more accessible but also easier accessible to a friendly user. And the second one is Physical distribution, which is attributed to local conditions, technical feasibility, transportation, and other conditions, depending on the nature of the service.

2.2.5. The Concept of Profit

According to Dr. Norman (2013) Profit is usually what is left after all costs have been removed from the accrued revenues sales. Therefore, a rise in cost is a threat in profits, especially where the marginal increase in cost is not easily passed to the consumer and where cost minimization strategies are not deliberately pursued as means of reducing total cost, which will, in turn, improve profitability (Weinberg,1969; Ogbadu, 2009). Generally, profits are casual attributes of many components including marketing, pricing, place, labor and so forth (Norman Adamson,2013). Scarcities of goods and services beside production shortages can be linked with poor marketing strategies. With efficient marketing, scarcities can be changed into the presence of both goods and services. The influence of marketing on the profitability of organizations is thus evident (Norman Adamson, 2013). For example, McCarthy and Perreault (1993:54) indicate that when marketing strategy has been well implemented would be profitable to organizations.

They add that a well-implemented marketing plan would be profitable to the organization hence it worthy to argue that marketing can influence the profitability of organizations. Marketing involves some components such as market penetration, which means an attempt to increase sales of a firm's present products in its present markets, which ultimately improves the profit of the organization. Of course, in some instances, through a more aggressive marketing mix (Terry, et al, 1982 and winter, 1979).

2.2.6. Criticism of the 4Ps Model (The SAVE Model of Marketing Mix)

It recently came to the forefront when an article titled "Rethinking the 4Ps" was published in the January-February 2013 edition of Harvard Business. The SAVE model shifts the emphasis from products to Solutions, Place to Access, Price to Value, and Promotion to Education, thereby coining the acronym- SAVE (Tahir Ahmad Wani, 2013). According to Tahirahmadwani (2013), there are three main criticisms of the 4Ps model were those it:

- Leads marketing and sales teams to focus too much on a product’s features, technology, and quality. They argue that these are no longer competitive differentiators, but simply the cost of entry.
- As a result, they don’t emphasize the need for superior and robust solutions.
- It also distracts them from highlighting real advantages like being a trusted source and problem-solving. This has led some to create alternatives and spin-offs of the original 4P model. The most notable is the SAVE framework. SAVE stands for Solution, Access, Value, and Education. Here’s how it works:

1. Instead of a product, focus on the solution

Elliott (2012) says that people do not buy products or services; they buy solutions to solve problems. For instance, chances are when you buy a can of Coke; you are not just attracted to the shiny red can. You are buying a Coke as a means to an end-refreshment, happiness, and enjoyment. So essentially the concept is- “Don’t sell the cans, sell a thirst quenching, satisfying experience. “Customers do not care about product features or usability if a product fails to solve their problem. It is not about the features you want your product to have, it is about the problems that customers need to solve. Solve their problem better than anyone else, and you will end up with a product your customers cannot live without (Gamez 2013).

2. Access (instead of Place)

SAVE changes focus from Place to Access with focus on considering customer’s purchase journey. It means making the product/service available to a customer near a point of his convenience. E.g. shopping on a phone, laptop or in case of ‘ChotuKool’ by Godrej making it available to customers through post offices (Tahir Ahmad Wani, 2013).

3. Value (instead of Price)

Leszinski and Marn (1997) have argued that if firms want to survive and thrive in the long run, then they will have to shift their focus from price to better value. Wear (2012) reflects the same ideas in her article titled ‘How to Compete on Value, Not Price.’ She says, “The fundamentals are always the same: Sell value. Don’t compete on price.

4. Education (instead of Promotion)

According to Tahir Ahmad Wani (2013), learning organizations are increasingly pursuing customer education and channel partner education to increase revenue, improve customer satisfaction and drive competitive differentiation. Antonios (2011) has also found positive effects of customer education on customer loyalty, higher Return of Investment and customer satisfaction.

5. Empirical studies

Kisu(2015), try to found out the effect of marketing strategies on the performance of Seed Companies in Kenya. The researcher used a cross-sectional descriptive survey design and discovers that the marketing strategies used by the seed companies were found to be pricing, people, processes, and place, product and promotion strategies. The product strategy discovered to be successful customer needs and providing products with a low probability of failure, developing products that have broad market appeal, developing innovative new products and offering a broad product line.

The pricing strategy was used by the companies in determining the consideration competitors. "The study discovers that the processes strategy enabled the seed companies to differentiate themselves through packaging in branded materials, marketing of final seeds and production of seeds to be consistent in production. The seed companies were found to be using a promotional strategy to advertise their products through various media, to elicit attention, interest, desire, and action, and focusing on customer needs.

The marketing strategies used by the seed companies were found to have resulted in increased average brand equity and market share, company net profit, increased customer satisfaction, increased customer loyalty which is success factors on the performance of any strategic organization. The regression analysis tries to show how marketing strategies influence the performance of seed companies". The marketing strategies were found to explain 82.5% of the performance of seed of companies. (Constantine,2002; Wang et al, 2005). Effect of each the 4ps in diverse occasion ,times and place ,even in case that some companies take great pains to fully integrate their marketing activities internaley.it is difficult to integrate the 4ps in divers occasion hence customer face the effect of each of the 4ps for example not all customer can benefit the effect of promotion at once, especially those who are living in villages, also some advertisement especially the television advertisement may not be seen by customer living village.

On the other hand, Adewale (2013) research on the Impact of Marketing Strategy on business performance in Small and Medium Enterprises (SMEs) in Oluyole Local Government, Ibadan, Nigeria. The study mainly focuses on the dependent variables of business performance in terms of profitability, market share, return on investment, and expansion.   Independent variables (i.e. Product, Promotion, Place, Price, Packaging and after-sales service) and. The researcher discovers that marketing strategies (product, place, price, packaging, and after sales service) has significantly independent and it's a backbone of business performance. However, the study finds out that promotion has no impact on business performance.

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

Conceptual Frame- work

According to the above literature this research develops the bellow conceptual framework.Independent variable (Marketing strategy; 4Ps). According to the above literature this research develops the bellow conceptual framework. (Marketing strategy; 4Ps).

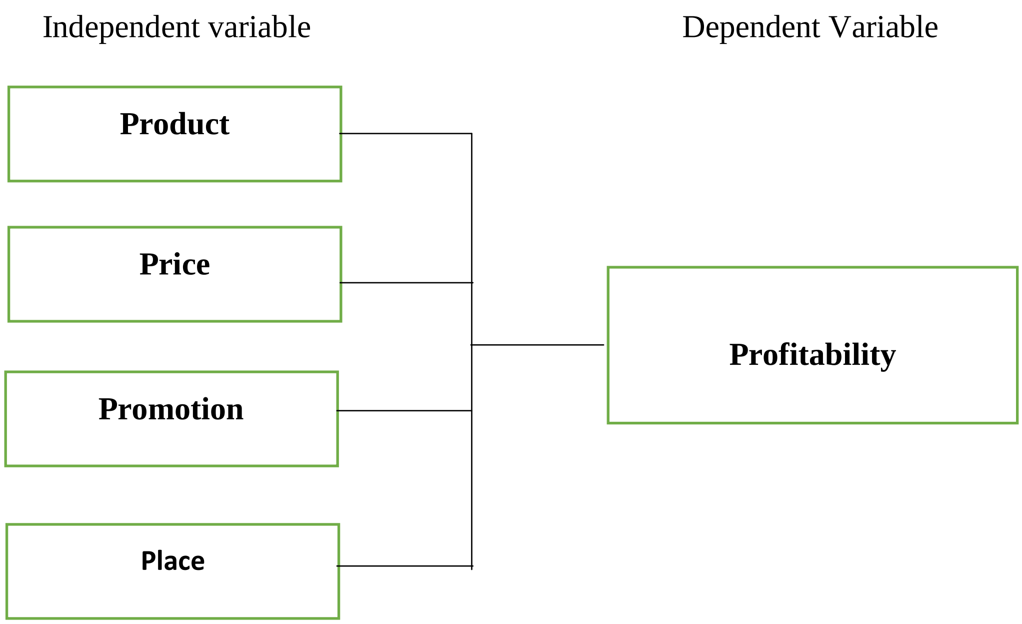

Figure 1 Conceptual framework

Source: - Emmanuel Ayuba and Roselyn (2014) with modification.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1. Introduction

This chapter presents the procedures, methods and techniques the researcher adopted in the research work. The methodology enlightened on the tools or techniques for the research approach, research design, data collection, the population, sampling techniques, data sources, data collection instruments, and data analysis plan.

3.2. Research Design

This study was intended to investigate on the impact of marketing mix towards the profitability of the company in the case of four *Teff* milling industry sub-sectors in Addis Ababa city. To do so, an appropriate research design was used. A very significant decision in research design process is the choice to be made regarding research approach since it determines how relevant information for a study will be obtained; however, the research design process involves many interrelated decisions. There are many frameworks of research designs and they can be classified into three categories: exploratory, descriptive and causal (Aaker et al., 2000).

Therefore, the research prefered to use descriptive research type, which helps to use quantitative data analysis. The researcher used the cross-sectional field survey method to assess the relationship between marketing mix practices and organizational profitably performance of *Teff* milling industry companies in Addis Ababa.

In the cross-sectional field survey, independent and dependent variables were measured at the same point in time by using a single questionnaire. In addition, the study was also saying to be associational in design because there is the intent to establish the relationship between dependent and independent variables. The researcher selected the sample from the target population by using non-probability sampling particularly purposive sampling technique. Hence, after the data was collect, and analyzed by using mean, frequency, correlation, particularly Pearson's correlation and regression analysis technique to show the effect of independent variables on the dependent variable.

3.3. Research Strategy

The research strategy in this study were both qualitative and quantitative approaches. This is a research strategy that employs narrative and quantification in the collection and analysis of data as observed (Bryman, 2004). The three methods that were commonly implemented in a research are quantitative, qualitative and mixed, where one of them is not better than the others, all of this depends on how the researcher want to do a research of study (Creswell, 2005).

Quantitative research is a type of educational research in which the researcher decides what to study, asks specific, narrow questions, and collects numeric (numbered) data from participants, analyzes these numbers using statistics, and conducts the inquiry in an unbiased, objective manner (Creswell, 2005). Variables can be defined as attributes or characteristics of individuals, groups, or sub-groups of individuals (Creswell, 2009). Quantitative method is a study involving analysis of data and information that are descriptive in nature and qualified (Sekaran, 2003). Quantitative approach is one in which the investigator primarily uses postpositive claims for developing knowledge, i.e., cause and effect relationship between known variables of interest (Creswell, 2009). Therefore, in terms of methods, this research employs quantitative method while conducting the study.

3.4. Sample and Sampling Techniques

The study was conducted at four *Teff*milling sub-sectors in Addis Ababa, namely Mehi, Addis Ababa Miles, Debaye and Ture Plcs. According to Fraenkel and Warren (2002), population refers to the complete set of individuals (subjects or events) having common characteristics in which the researcher is interested. For this study, purposive sampling method was employed based on the working areas of employees i.e. employees working as department manager, division head, senior officer and officer positions were selected.

The study companies had a total of 169 employees out of which only on 67 of them were working areas as department manager, division head, senior officer and officer positions, therefore, in this study sample size was determined using Census method, which is a method of incorporating all populations in the survey.

3.5. Data Sources and Types

The types of data used in this study were both primary and secondary data types. According to (Leed and Ormrod, 2005) data is said to be primary if it is collected inquirer fora determinable purpose. The primary data gathered in this study include the demographic characteristics of employees (age, sex, marital and educational status, and working areas), the extent implementation of marketing mix strategies (4Ps), the extent of profitability due to the implementation of 4Ps, and customer satisfaction. The source of primary data was interviewed employees of the sampled companies.

The secondary data, which was intended to supplement the primary data, was gathered from research findings and journal articles, written documents, internet/websites, and documented reports from milling industry firms. The information gathered from these sources include the *Teff*milling sub-sector, the relation between marketing mix and profitability etc.

3.6. Methods and Procedures of Data Collection

As indicated above, this research gathered both primary and secondary data types. Though, in order to collect the primary data types semi-structured questionnaire was used. The questionnaire used in this study was adopted from another researcher's Odunlami (2013) and Semegn Desalegn (2017).

The questionnaire had close-ended 5-point Likert scale questions that rates scales ranging from 1- strongly disagree to 5strongly agree. Data gathered through questionnaires were simple and clear for analysis and it allowed the tabulation of responses and quantitative analysis of certain factors.Furthermore, it was time efficient for both the respondents and the researcher.

In addition to questionnaire, documentary review was employed in order to gather the secondary data.

3.7. Data Analysis and Presentation

Data was analyzed through the use of descriptive statistics which include mean and standard deviation through the use of Statistical Product and Services Solution (SPSS ver. 20). Presentation of the findings was done by tables and charts and word description. Correlation and Regression analysis was also done to establish the effects of marketing mix strategies to company's profitability performance. The interview and observation were used to support the questionnaires and findings.

To clarify and identify the type and nature of the problem, this study used explanatory research methods' and to establish the effects of marketing mix strategies to company's profitability performance the Pearson correlation model was used. A multiple regression model was used to assess the impact of marketing mix practice on the case company's profitable performance.The general form of the model for the multiple regressions will be specified as:

Multiple regression model

$Y = \beta0 + \beta1X1 + \beta2X2 + \beta3X3 + \beta4X4 + e$-----------------------------(1)

The left-hand variable, Y, represents the dependent variable in the model, which is the organizational profitability. X contains the set of explanatory variables in the estimation model.

$\beta0$ is the constant, β represents the coefficients and e is the error term.Therefore, the model for the multiple regressions, built in line with the hypotheses of the study, is given as follows:

$PRF = \beta0 + \beta1(PDT) + \beta2(PRC) + \beta3(PRO) + \beta4(PLA) + e$ -----------------------------(2)

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

3.8. Ethical Consideration

In carrying out this study, the researcher followed logical procedures in every stage of data collection process. Accordingly, the respondents were introduced about the purpose of the study then informed consent from the respondents and responsible persons of the company. Thus, on the basis of these ethical principles, efforts were made and confidentiality would be assured and kept throughout the process of this research work.

3.9. Reliability and validity

3.9.1. Reliability

Reliability of internal consistency most of the time is measured based on the Cronbach's alpha value. For this purpose, it was checked for the stability and consistency and the following alpha values were obtained.

Cronbach's Alfa value of the Product strategy	0.760
Cronbach's Alfa value of the Price strategy	0.747
Cronbach's Alfa value of the Place strategy	0.765
Cronbach's Alfa value of the Promotional strategy	0.804
Cronbach's Alfa value of the Customer satisfaction	0.753
Cronbach's Alfa value of Profitability performance	0.725

In social study an alpha value which is around 0.70 is accepted as adequate for reliability (International Review of Management and Business Research, 2013). Because of this, the reliability of the measurement used in this study was at acceptable level.

3.9.2. Validity

To eliminate uncertainty appropriate words and concepts were used in order to enhance clarity. Validity test was also conducted by using Pearson product moment correlation. In this study, the researcher was guided by reviewed literature related to marketing mix strategy. A thorough follow up by researcher's advisor was made to ensure that all concepts pertaining to the study were included, ensured that the instruments were enriched.

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSION

4.1. Introduction

This chapter presents analysis, results and discussions. The chapter consists of six sections such as the response rate, demographic characteristics of the respondents, data analysis, relationship of marketing mix strategies (4ps) and profitability performance, data analysis and discussions.

4.2. Response Rate

This study was conducted at Mehi, Addis Ababa miles, Debaye and Ture Teff Milling S.Cs. The researcher arranged and distributed total copies of sixty-eight (67) questionnaires which were administered to the respondents working in different departments of the company. In this study all of the questionnaires were used for data analysis, interpretation and summary and conclusion.

4.3. Demographic Characteristics of the Respondents

The section presents the data findings on the respondents' general information. The demographic information included gender of respondents, age category, educational background and working area of the respondents.

4.3.1. Gender of Respondents

The respondents were asked to indicate their gender to ensure both representations of the genders were included in the study and obtained the following responses.

As indicated on figure 4.1, majority (58.2%) of the respondents were male and the remaining 41.8% were female. This shows that gender was not the basis for employment on *Teff* flour milling and sales companies at the sampled working areas and it indicates that this research was not influenced by gender imbalances.

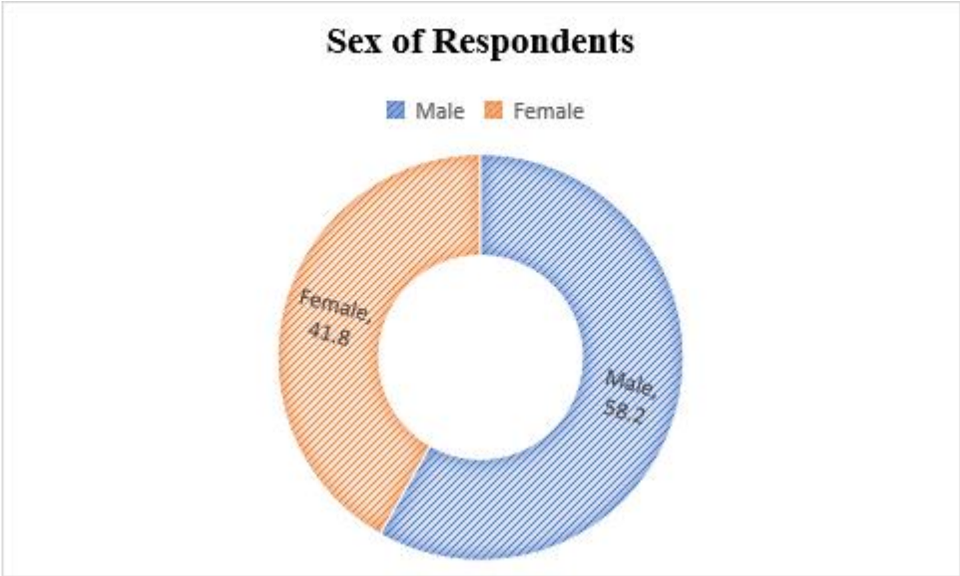

Figure 1 Gender of Respondents

4.3.2. Age Category of Respondents

The study sought to identify the age category of the respondents in the company.

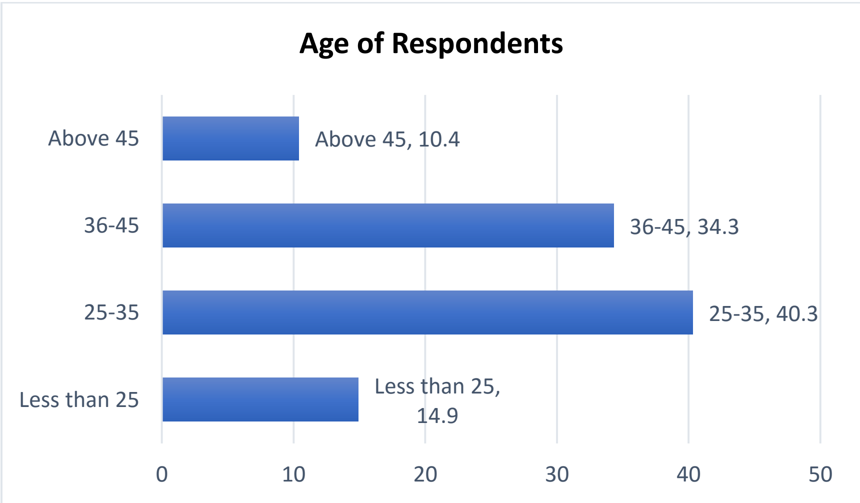

Figure 2 Age category of Respondents

As presented in figure 2, from all of the respondents, majority of them were within the age category of 25-35 and 36-45 years, with the proportion of 27(40.3%) and 23(34.3%), respectively. The remaining respondents were between the age of <25 (10,14.9%) and >45 (7,10.4%) years. This indicates that the employees of the companies were in the most productive age, which had a potential advantage to achieve future objectives of the company by working eagerly.

4.3.3. Educational Background

The study was aimed to assess the educational status of the respondents which helps to get clue about general understanding of the respondents on marketing mix strategies and their impact on profitability of the companies.

The educational status of the respondents shows that majority (56.7%) of the stuffs had a certificate/college diploma, and the remaining 26.9% and 16.4% of them had a degree and finish secondary school, respectively (Figure 3). This showed that companies hire educated personnel for being competitive in the market and to achieve the best application of marketing mix strategy.

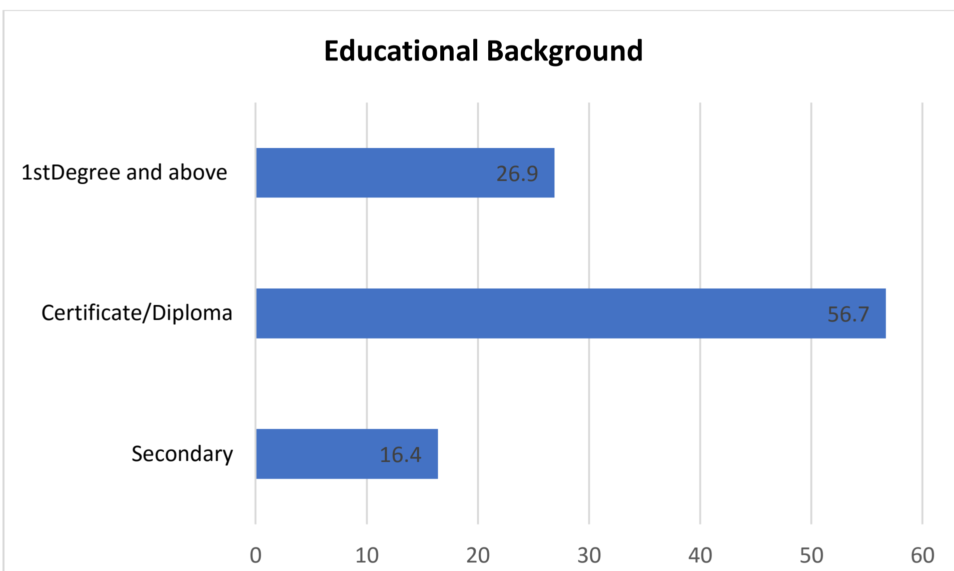

Figure 3 Educational background of respondents

4.3.4. Marital Status of Respondents

The respondents were asked to indicate their marital status to understand the relationship between their social (marital) status and responsibility to the respective working position and obtained the following responses.

Figure 4 shows that married individuals were higher in proportion than others, with the proportion of 55.2%. The remaining respondents were single (19,28.4%), divorced (9,13.4%) and widowed (2,3.0%).

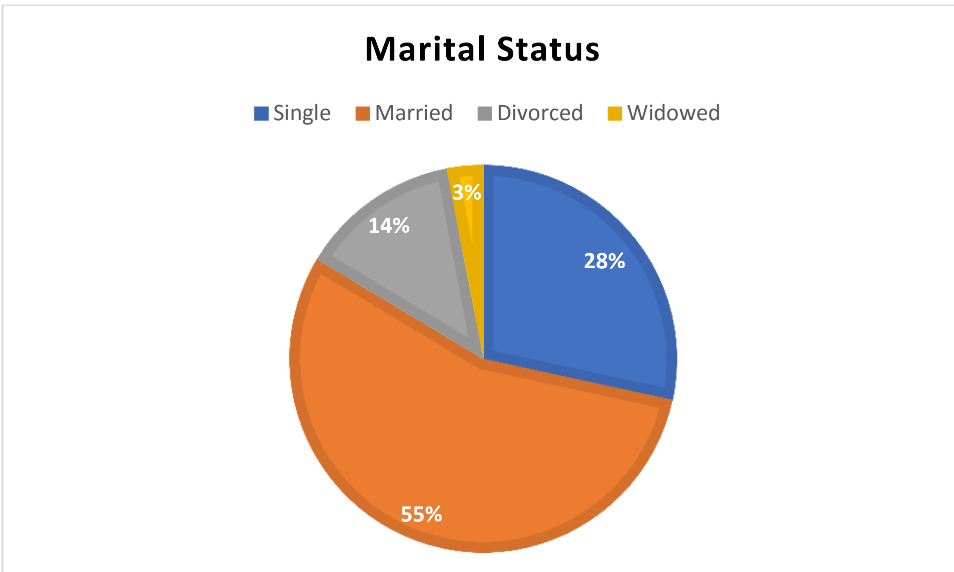

Figure 4 Marital Status of respondents

4.3.5. Working Department of Respondents

This study aimed to indicate the working departments of the respondents.

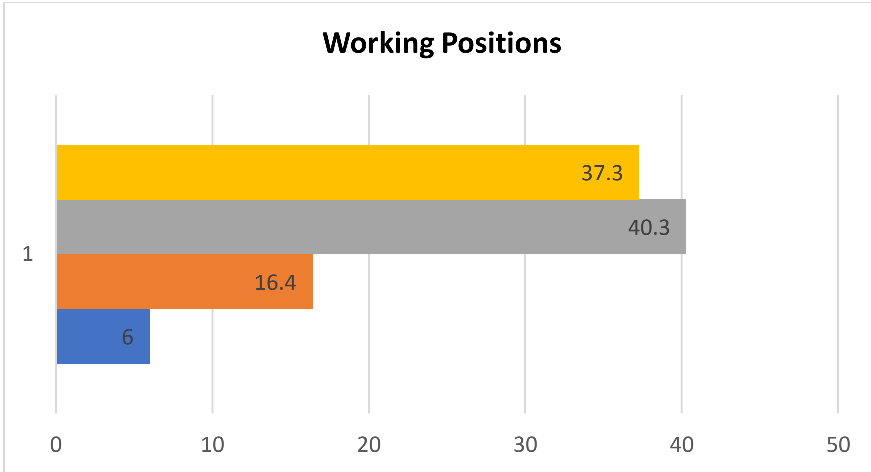

Figure 5 Working position of respondents

With respect to the position of the respondents, 40.3% and 37.3 % of them were senior officer and officers, respectively (Figure 5). The remaining respondents were division head (16.4%) and department manager (6.0%). This indicates that, it is a fact that in every organization there are few managers and many employees that signify a few managers plans the activity and ordered the lower level employees of the company to do it.

4.4. Questionnaire Data Analysis

This section therefore deals with marketing mix strategies (4Ps) and its effect on profitability performance. The respondents were asked to indicate about marketing mix strategies (4Ps) of the company in a five (5) point Likert Scale. So, the factors were ranked from 'Strongly Agree' (5) to 'Strongly Disagree' (1).

The scores of 'Strongly Disagree' and 'Disagree' have been taken to represent a variable which have a mean score of 0 to 2.4 on the continuous Likert scale. The scores of 'Average' have been taken to represent a variable with a mean score of 2.5 to 3.4. The score of both 'Agree' and 'Strongly Agree' have been taken to represent a variable which have a mean score of 3.5 to 5.0.

4.4.1. Product Strategy

Table 1 Product Strategies

S/N	List of items	Mean	Standard Deviation
1	This company offers high quality *Teff* flours?	4.49	0.50
2	Offers several varieties of products to choose from?	4.07	0.47
3	Your company gives room for product warranty?	4.39	0.63
4	Your products meet customers' requirements?	4.42	0.56
5	The packaging is effective?	4.45	0.53

In order to understand the extent of product strategy distribution and application of the companies a were summarized on Table 1. The results of this study show that majority (4.49±0.50) of respondents agreed that their company offers high quality *teff*flours. The study also revealed that companies offer several varieties of *Teff*flour products to allow their customers to choose from (4.07±0.47).

The result of this study shows that companies gives warranty for their product based on the requirements of the companies (4.39±0.63) and provide good quality products that meet the customers requirement (4.42±0.56). Respondents also agreed that the packaging material they use is very effective and keeps the quality of the product.

4.4.2. Pricing Strategies

This study sought to establish the extent to which respondents agreed with the following pricing strategies (Table 2). From the study results, the respondents agreed that the price of the *Teff*flour is reasonable (4.12±0.54). From all companies in this study, respondents from Mehi and Addis Ababa Miles company had the highest means on agreement of that their company offers the overall lowest price in the area as compared with Debaye and Ture.

Table 2 Pricing Strategies

S/N	List of items	Mean	Standard Deviation
1	The price of the *Teff*flour is reasonable?	4.12	0.54

2	This company offers the overall lowest price in the area?	4.01	0.67
3	The pricing decisions allow for discounts?	2.94	0.52
4	The pricing decisions allow for payment period?	2.85	0.50
5	The pricing decision allows for credit terms?	2.85	0.53
6	Provide products with different price range?	4.03	0.56
7	Maintains the best everyday price for most products?	2.94	0.60
8	The company uses pricing skills and systems to respond quickly to market changes?	4.04	0.51

The result of this study revealed that respondents disagreed on their companies pricing decision allowing for discounts, payment periods and credit terms with the average response of 2.94 ± 0.52, 2.85±0.50 and 2.85±0.53, respectively. According to the respondents, their company provide products with different price range and uses pricing skills and systems to respond quickly to market changes, 4.03±0.56 and 4.04±0.51, respectively. However, they disagreed on maintaining the best everyday price for products (2.94±0.60).

4.4.3. Place Strategy

Research findings in Table 3 indicated that majority of respondents agreed on the extent that the company works for fast checkout of products (4.07±0.50). In addition, the respondents also agreed that the company has distribution channels which are easy to find (3.75±0.44), convenient to public transport (3.84±0.37) and their company shops are near to most working areas (3.72±0.45).

Table 3 Place Strategies

S/N	List of items	Mean	Standard Deviation
1	Fast checkout?	4.07	0.50
2	Have distribution channels easy to find?	3.75	0.44
3	Convenient public transport to get to this company?	3.84	0.37
4	Your company is near to most resident/working areas?	3.72	0.45

4.4.4. Promotion Strategy

From the results of this study, the respondents disagreed that the products of company were known based on the promotional strategy with a mean of 2.97. Moreover, it was also found that the companies did not apply advertising as a promotional strategy (2.90), and they disagreed to the extent that companies had sales promoters (2.93). This result indicates that the company put less effort on promotional activities.

Companies apply personal selling as a promotional strategy and it was agreed by respondents with the mean of 4.01. Respondents more or less agreed that personal selling as a promotional strategy considers the public understanding, with a mean of 3.16.

Table 4 Promotional Strategies

S/N	List of items	Mean	Standard Deviation
1	People know your products based on your promotional strategy?	2.97	0.94
2	Your company applies advertising as one of the promotional strategies?	2.90	0.91
3	Your company has sales promoters?	2.93	0.79
4	Your organization applies personal selling as one of the promotional strategies?	4.01	0.48
5	Promotions consider the public understanding?	3.16	0.78
6	Your product is promoted on events (exhibitions)?	3.33	0.81
7	Promotions are very attractive?	3.18	0.85

4.4.5. Profitability

From the results of the study it was found that, companies achieved a maximum profitability due to product strategy, with a mean of 4.10. Respondents revealed that even if the companies pricing strategy was limited, it was agreed that their company achieved a maximum profitability due to pricing and place strategy with an average mean of 3.76 and 3.96, respectively.

Table 5 Profitability Performance

S/N	List of items	Mean	Standard Deviation
1	In the last 3 years your company achieved max. profitability due to product strategy?	4.10	0.47
2	Your company achieved max. profitability due to pricing strategy?	3.76	0.78
3	Your company achieved max. profitability due to promotional strategy?	3.48	0.73
4	Your company achieved max. profitability due to distribution strategy	3.96	0.48

It was agreed that there was more or less a limited profitability due to their promotional strategy with a mean of 3.48.

4.5. Relationship Between Marketing Strategies (4Ps) and Profitability

The study also conducted to assess whether a relation exists between marketing mix strategy (4Ps) and profitability performance. Linear correlation and regression test were done through SPSS statistical tools.

4.5.1. Correlation Analysis

The study carried out Pearson correlation analysis to find out the degree to which the study's linear model would describe the relationship between independent variables and the dependent variable. The Pearson correlation coefficient values can vary from -1.00 to +1.00.

- r is always between −1 and +1
- r = −1 means there is a negative linear correlation and r = 1 means there is a positive correlation. The closer r is to 1 or −1, the stronger the correlation. The closer r is to 0, the weaker the correlation. BUT: r = 0 does not mean there is no correlation. It just means there is no linear correlation (K. L. Weldon, 2015).

As can be indicated from the result the correlation analysis indicates that there is weak correlation between variables affecting each other. Product strategy has strong correlation with profitability performance (P=0.01, r=0.435) and placement strategy has weak positive correlation with profitability performance (P=0.05, r=0.246).

From the results of the correlation analysis, there was no correlation between pricing strategy and profitability performance (P=0.380, r=0.038), and there was a weak negative correlation between promotional strategy and profitability performance (P=0.323, r= -0.057). This indicates that, in order to be more profitable companies should change their pricing and promotional strategies.

Table 6 Correlation analysis

	Profit	Product	Price	Place	Promotion
▪ **Profit**	1.000				
	.				
▪ **Product**	.435	1.000			
	.008**	.			
▪ **Price**	.038	.054	1.000		
	.380	.331	.		
▪ **Place**	.246	-.048	.064	1.000	
	.022*	.349	.304	.	
▪ **Promotion**	-.057	.013	.402	.027	1.000
	.323	.458	.000***	.413	.

*** Correlation is significant at the p = 0.001, ** at p = 0.01, and * at the p= 0.05 level (2-tailed)

4.5.2. Multiple Regression Analysis

Regression analysis is a kind of analysis method used to investigate the relation between the dependent variable and the independent variables. In order to test the significance of changes among the independent variable, F-test has been done.

The hypotheses testing process is the process in which the conclusions are drawn in order to see if a specific relation between different variables is supported (Nolan & Heinzen, 2008). In this study the hypotheses were tested in a multiple regression analysis. A multiple regression model is used when there are several independent variables, and it tests how one of the independent variables affects the dependent variable and also the influence each of the independent variables has on the dependent variable.

4.5.2.1. Testing the assumptions of multiple linear regressions

Before conducting the multiple regression analysis, there are some requirements that need to be fulfilled. Thus, the following assumptions were tested before regression analysis undertaken.

1. Test of Linearity
2. Test of Multicollinearity
3. Test of Autocorrelation
4. Test of Normality
5. Homoscedasticity

I. Test of Linearity

Linearity test aims to determine the relationship between independent variables and the dependent variables is linear or not. The linear test is a requirement in the correlation and regression analysis. So, assumption one was tested as there is liner relationship between marketing mix strategies and company's profitability performance.

II. Test of Multicollinearity

Multicollinearity refers to the extent to which independent variables are correlated. It exists when two or more independent variables are correlated with other independent variables. The data said to be absence of multicollinearity as VIF is less than four and tolerance value of greater than 0.2 (EJSP, 2017).

Thus, assumption two was tested as there is no multicollinearity in the data since the VIF value is less than 4 and the tolerance level is greater than 0.2.

Table 7 Multicollinearity test

Variables	Collinearity Statistics	
	Tolerance	VIF
Product	.994	1.006
Price	.833	1.201
Place	.993	1.007
Promotion	.838	1.193

III. Test of Autocorrelation

Auto correlation is a characteristic of data in which the values of the same variable is based on related objects. It exists in those types of data sets in which the data, instead of being randomly selected, is from the same sources. To determine the autocorrelation between observations Durbin- Watson test was used. The Durbin Watson test generates output values between 0 and 4 values, if the Durbin-Watson statistic is approximately 2, and an acceptable range is 1.50 - 2.50 (Alexander et.al (1998). This regression model had value of 2.056 which is closed to 2 and acceptable range. This implies no auto correlation.

Table 8Test of autocorrelation

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	0.358[a]	.128	.072	.29138	2.281

a. Predictors: (Constant), Promotion, Product, Place, Price
b. Dependent Variable: Profit

IV. Test of Normality

To test the assumption of normal distribution the skewness should be within the range of ±2 (EJSP, 2017). Based on this, assumption four was tested and its relationship is to the normal distribution.

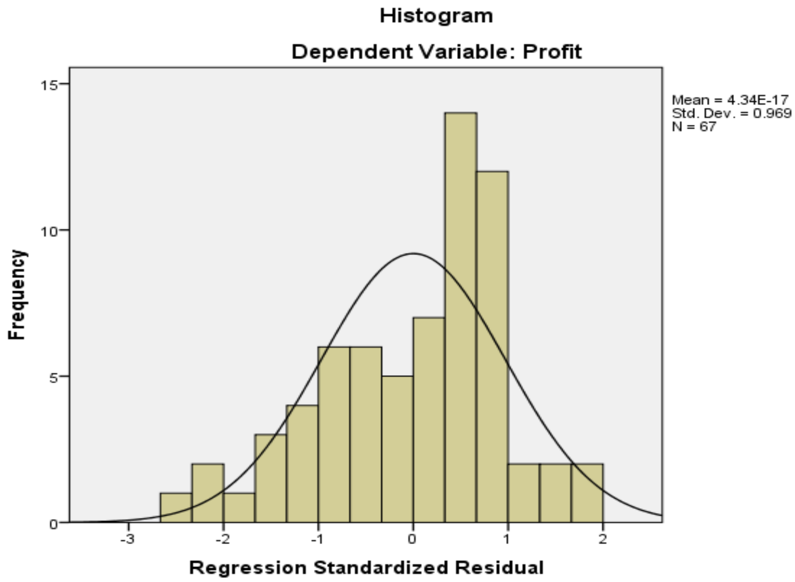

Figure 6 Test of normality

V. Homoscedasticity

Homoscedasticity relates to the assumptions that dependent variable explaining equal levels of variance across the range of independent variables (Alexander et.al (1998). This study tested the homoscedasticity for metric variables using scatter plot. Scatter plots of standardized residual was done and the outcomes shows that it is in good way.

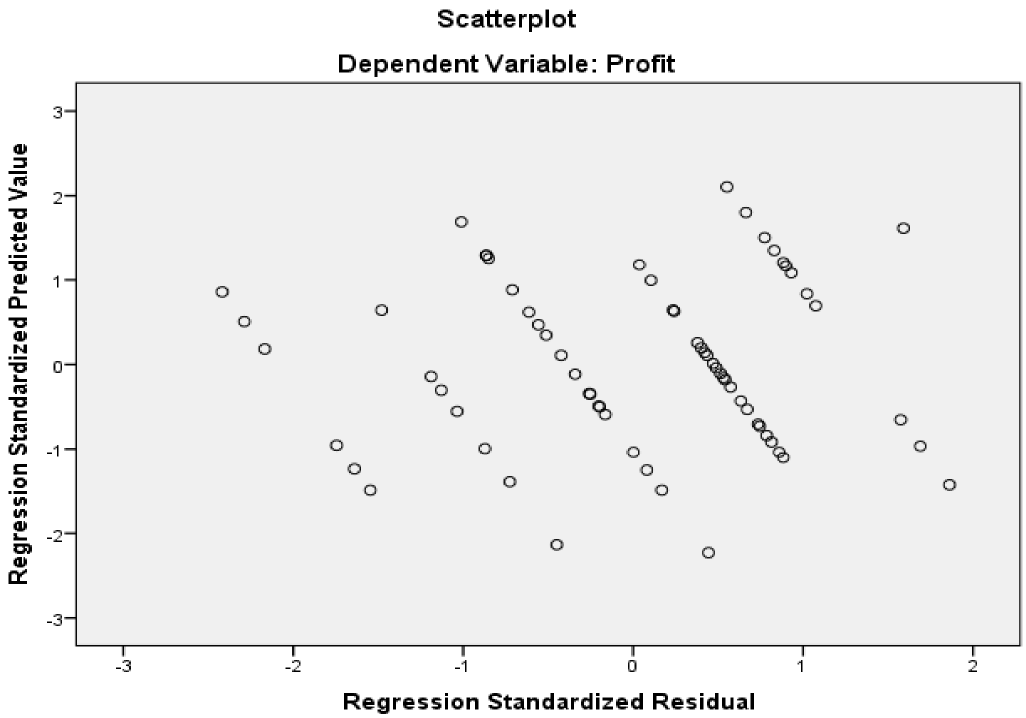

Figure 7 Test of homoscedasticity

4.5.3. Analysis of Variance (ANOVA)

ANOVA is used to detect the statistical variances between the means of two or more groups (Freund et al. 2006). The F-ratio in the ANOVA table tests whether the regression model is a good fit for the data and it shows if the independent variables statistically significantly predict the dependent variable (Freund et al., 2006).

Table 9 Analysis of Variance

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	.771	4	.193	2.272	.072[b]
1	Residual	5.264	62	.085		
	Total	6.035	66			

a. Dependent Variable: Profit

b. Predictors: (Constant), Promotion, Product, Place, Price

As can be seen from the result, the significance level is = .072 which is less than P ≥ 0.05. This implies that over all the regression models was not statistically significant, valid and fit. The valid regression model implies that some independent variables are explaining that there is a significant relationship with dependent variable and some of the independent variables are explaining a non-significant relationship with dependent variable.

4.5.4. Regression Model Summary

The Model summary table presents the R, R Square and adjusted R Square. The R column represents the value of the multiple correlation coefficients, which measures the prediction of the dependent variable. The R Square represents the coefficient of determination, which measures the proportion of variance in the dependent variable that can be explained by the independent variables (Freund et al., 2006). The adjusted R Square also indicates to what extend the dependent variable can be explained by the independent variables.

Table 10 Regression model summary

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	0.358[a]	0.128	0.072	0.29138	0.128	2.272	4	62	.072

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

From the above table, the r-coefficient is .358 (coefficient of determination) indicating that there is a weak correlation between marketing mix strategies and company's profitability performance and accounted for 35.8% variability in profitability performance. This represents a medium fit.

Regression coefficient R = .358 or 35.8% relationship exist between independent variables and dependent variables which is weak relationship. The coefficient of determination R2 = 0.128 which show that 12.8% of variation in company's profitability performance is explained by marketing mix strategies.

4.5.5. Multiple Regression Analysis Result and Test of Hypothesis

The hypotheses testing process is the process in which the conclusions are drawn in order to see if a specific relation between different variables is supported (Nolan & Heinzen, 2008). In this study the hypotheses were tested in a multiple regression analysis. A multiple regression model is used when there are several independent variables, and it tests how one of the independent variables affects the dependent variable and also the influence each of the independent variables has on the dependent variable.

Table 11 Multilinear regression analysis

Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	2.156	.692		3.115	.003
Product	.182	.088	.246	2.071	.043
Price	.043	.132	.042	.325	.747
Place	.238	.110	.258	2.166	.034
Promotion	-.047	.072	-.084	-.651	.518

a. Dependent Variable: Profit

From the above table it can be summarized that: -

I. The value of unstandardized Coefficient B= (0.182) which shows that a one unit increase in product strategy will lead to 0.246 increase of profitability performance in the company. The above table also shows that product strategy has a strong positive relationship with profitability performance thus; the relationship is statistically significant at the 5% significance level ($\beta = 0.182$; $p = .043 < .05$).

II. The value of unstandardized Coefficient B= (0.238) which shows that a one unit increase in place strategy will lead to 0.258 increase of profitability in the company.

The above table also shows that place strategy has a strong positive relationship with profitability performance thus; the relationship is statistically significant at the 5% significance level ($\beta = 0.238$; $p = .034 < 0.05$).

III. Pricing strategy was found to be statistically insignificant and positively related with profitability performance.

IV. Promotional strategy was also found to be statistically insignificant and negatively related with profitability performance.

Therefore, except for pricing and promotional strategy all contribute to profitability performance in the company.

4.6. Discussion of Results

In this study there was a positive correlation between product strategy and profitability performance ($r=0.435$, $p=0.008$). This finding is in line with Nelson (2016), who stated that product strategy can lead to greater financial performance such as profitability, as a quality product–market match can result in greater customer satisfaction thus improving customer performance that is one of the outcomes. It was also found that customers were highly satisfied with the product quality (mean=4.46). This might be due to quality decides products capacity to meet the expressed or expected needs of the consumer (Szczepańska, 2009), and quality is something that begins with customer needs, goes beyond customer satisfaction and ends with customer retention (Kotler *et al*., 2008).

Companies in this study showed a poor pricing strategy specifically with regard to credit service, payment periods and discounts, which later influenced the customers satisfaction with regard to pricing strategy (mean=3.36) and a weak insignificant correlation between price strategy and profitability of companies. This showed having inappropriate pricing strategies results relatively lesser customers satisfaction and force the profitability to be dependent on the product. Findings showed that business performance is highly dependent on pricing strategies and the price you set for your product or service plays a large role in its marketability (Grimes and Demack, 2006 and Owomoyela et al, 2013). *Teff*flour as a commonly available product its price is more elastic and depends highly on its producing costs. Kotler (2007) and Jones (2007), indicates that a price of a product includes cost of production, delivering and promoting the product charged by the organization.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

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

The purpose of the study is to assess the impact of marketing mix strategy towards profitability in the case of teff milling industry sub-sectors in addisababa . More specifically the study determines the extent to which mix strategy (product, pricing, promotion, and place/distribution) influences profitability. The following are the major findings of the study:

5.1. Summary

- From all companies in this study, the respondents agreed that the price of the *Teff*flour is reasonable (4.12±0.54) among the companies Mehi and Addis Ababa Miles had the highest means on agreement of that their company offers the overall lowest price in the area as compared with Debaye and Ture and the result of this study revealed that respondents disagreed on their companies pricing decision allowing for discounts, payment periods and credit terms with the average response of 2.94 ± 0.52, 2.85±0.50 and 2.85±0.53, respectively. Their company provide products with different price range and uses pricing skills and systems to respond quickly to market changes, 4.03±0.56 and 4.04±0.51, respectively. However, they disagreed on maintaining the best everyday price for products (2.94±0.60).

- And also, the respondents agreed that the price of the *Teff*flour is reasonable (4.12±0.54). this study revealed that respondents disagreed on their companies pricing decision allowing for discounts, payment periods and credit terms with the average response of 2.94 ± 0.52, 2.85±0.50 and 2.85±0.53

- Also, the respondents disagreed that the products of company were known based on the promotional strategy with a mean of 2.97. Moreover, it was also found that the companies did not apply advertising as a promotional strategy (2.90), and they disagreed to the extent that companies had sales promoters (2.93). This result indicates that the company put less effort on promotional activities and Companies apply personal selling as a promotional strategy and it was agreed by respondents with the mean of 4.01. Respondents more or less agreed that personal selling as a promotional strategy considers the public understanding, with a mean of 3.16.

- The study indicate that majority of respondents agreed on the extent that the company works for fast checkout of products (4.07±0.50). In addition, the respondents also agreed that the company has distribution channels which are easy to find (3.75±0.44), convenient to public transport (3.84±0.37) and their company shops are near to most working areas (3.72±0.45).

- The result of the correlation analysis indicates Product strategy has strong correlation with profitability performance (P=0.01, r=0.435) and placement strategy has weak positive correlation with profitability performance (P=0.05, r=0.246). there was no correlation between pricing strategy and profitability performance (P=0.380, r=0.038), and there was a weak negative correlation between promotional strategy and profitability performance (P=0.323, r= -0.057).

5.2. Conclusions

This study focused on the analysis of the impact of marketing mix strategies (product, price, promotion and place strategies) on teff milling industry subsector profitability. As per the findings, the researcher draws the conclusions listed hereunder.

- The level of product strategy adaptation companies achieved a maximum profitability due to product strategy, even if the companies pricing strategy was limited, it was agreed that their company achieved a maximum profitability.

- The level of pricing strategy adaptation on teff milling industry subsector the price of the *Teff*flour is reasonable and from all companies in this study, Mehi and Addis Ababa Miles had the highest means on agreement of that their company offers the overall lowest price in the area as compared with Debaye and Ture but the pricing decision allowing for discounts, payment period is low in all organization and their company provide products with different price range and uses pricing skills and systems to respond quickly to market changes

- The level of distribution strategy adaptation on teff milling industry subsector the extent that the company works for fast checkout of products. In addition, the company has distribution channels which are easy to find convenient to public transport and their company shops are near to most working areas.

- ✓ The level of promotion strategy practice on onteff milling industry apply only personal selling as a promotional strategy they did not apply advertising as a promotional strategy this indicates that the company put less effort on promotional activities.

Generally, the researcher concluded that the sample companies are practicing the 4ps of marketing mix strategies but their level of adaptation have difference: Price strategy, and promotion strategy are low adapted on the teff milling industry. the product strategy and distribution strategy are highly adapted on the teff milling industry subsector.

5.3. Recommendations

According to the research findings, the researcher has provided some suggestions from the analysis of marketing mix strategy towards profitability

Out of the four-marketing mix strategies:

- There is strong positive relationship between product strategy and organizational profitability, the researcher forwards the following, recommendations on product strategy.
    - If the organization improve the customer request specification in different size and packaging, they can maximize their profit and
    - Also, the management of the companies should give attention to improve the level of adaptation with respect to quality, variety of the products offering and free delivery of the product.

- Price strategy is alarmingly very low practiced on teff milling industry sub sector by the sample companies. But, according to empirical evidence, price strategy adaptation is the most common tool frequently so the Companies need to
    - Decrease their cost to offer better price to customers and more of before setting the price and implementing the pricing strategy using the SAVE model is more advisable which means instead of price giving or creating value to the product in consumers mind by educating or creating awareness.
    - Also, a warring the consumer to minimizing unnecessary time wastage by using those small and medium-sized sectors by involving the customer in each process.
    - Facilitating the access of period of payment and discount offering the organization can maximize their sales and profitability.

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

    - Improve the level of distribution strategies adaptation with respect to high sale by opening different branches in each village and if that is not affordable even establishing contact with wholesaler and retailers by facilitating discount offering and payment period
    - Also, the organization should be responsive to complain of the customer and Having safety stock

- Promotion strategies was responded as very low level of practice by the sample companies but, according the review of literature the companies should have to improve the level of promotion adaptation by using different promotional activities as per the situation demands also before using promotion strategy according to the culture and long term trend of the people the organization should educate and creating the awareness to the consumer

- Finally, from the researcher’s personal observation, the companies have to hire creative, energetic and committed workforce to cope up with the dynamic market environments and giving different trainings to the employees related to handling customer and improving sales also to improve their practice of Marketing mix strategy in order to achieve organizational profitability.

5.4. Suggestions for Further Study

Even if this study has limitation the following suggestion for future study was arrived at. This study is used only in the teff milling industry sub-sector in Addis Ababa and the finding was described as above. But the impact of the marketing mix strategy towards profitability may be influenced by contextual factors such as the type of industry, the size of the organization environmental culture, etc. It's interesting to see the impact of the marketing mix strategy on organizational profitability in other cities. And also, it is interesting to see the impact of marketing mix strategy practice on organizational sales and the level of satisfaction from the customer.

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Appendix

Dear respondents;

The purpose of this questionnaire is to collect data for the partial fulfillment of master's degree in business administration in general management. The research focuses on *Teff* milling industry sub-sectors in Addis Ababa "**The impact of marketing mix strategy towards profitability".**

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

N.B: Writing your name is not necessary

Put "√" for your choice in the box provided

Contact Address

If you have any question, please contact me and I am available as per your convenience at (Mobile: +251-912797032 KidistHunelegn)

PERSONAL/DEMOGRAPHIC INFORMATION				
1. Sex:	☐ Male	☐ Female		
2. Age (________)	☐ under 25 years	☐ 26-35 years	☐ 36-45 years	☐ 46 and above
3. Marital Status	☐ Single	☐ Married	☐ Divorced	☐ Widowed
4. Educational status	☐ secondary school	☐ Certificate /Diploma	☐ BA/BSc	☐ MA/MBA/MSc and above
	Other levels ________________________________			

5. Position	☐Managerial level ☐Division head ☐Senior officer ☐Officer Others specify ______________________________________

MARKETING MIX MODEL						
INSTRUCTION: Kindly indicate (√) whether you "Strongly Agree", "Agree", "Undecided", "Disagree"' or "Strongly Disagree", to the statement below in the table.						
S/N	**Items**	**Strongly disagree (1)**	**Disagree (2)**	**Undecided (3)**	**Agree (4)**	**Strongly agree (5)**
I. PRODUCT						
1	This company offers high quality *Teff* flours?					
2	Offers several varieties of products to choose from?					
3	Your company gives room for product warranty?					
4	Your products meet customers' requirements?					
5	The packaging is effective?					
II. PRICE						
1	The price of the *Teff*flour is reasonable?					
2	This company offers the overall lowest price in the area?					
3	The pricing decisions allow for discounts?					
4	The pricing decisions allow for payment period?					
5	The pricing decision allows for credit terms?					
6	Provide products with different price range?					
7	Maintains the best everyday price for most products?					
8	The company uses pricing skills and systems to respond quickly to market changes?					
III. PLACE/DISTRIBUTION						
1	Fast checkout?					
2	Have distribution channels easy to find?					
3	Convenient public transport to get to this company?					
4	Your company is near to most resident/working areas?					
IV. PROMOTION						
1	People know your products based on your promotional strategy?					
2	Your company applies advertising as one of the promotional strategy?					
3	Your company has sales promoters?					
4	Your organization applies personal selling as one of the promotional strategy					
5	Promotions consider the public understanding?					
6	Your product is promoted on events (exhibitions)?					

PROFITABILITY INDICATORS						
1	In the last 3 years your company achieved max. profitability due to product strategy?					
2	Your company achieved max. profitability due to pricing strategy?					
3	Your company achieved max. profitability due to promotional strategy?					
4	Your company achieved max. profitability due to distribution strategy					
5	The application of strategies to placement gives room for product accessibility					