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## **LIST OF ABBREVIATIONS AND ACRONYM'S**

PLC.	Privat Limited Company
AMA.	American Marketing Association
DMC.	Derba Midroc Cement
OPC.	Ordinary Portland Cement
PPC.	Portland Pozzoland Cement
SPSS.	Statical Package for Social Science

### **STUDENTS DECLARATION**

I, the undersigned, declare that this is my original work and has not been submitted to any other college, institution, or university other than the St. Mary's University for academic credit.

## ABSTRACT

*The purpose of the study was to determine the effects of marketing mix on sales performance. The research was guided by the following objectives: To examine the product consideration influence and sales performance of Derba Cement, to identifying how the effect of Advertising and sales performance of Derba Cement, to examine to what extent dose price and sales performance at Derba Cement, and to assess the effect of place/distribution and sales performance of Derba Cement. Descriptive research was used in the study. Target population was 384 respondents was taken from customers who purchase Derba cement, like retailer's construction companies and end users. The study used non probability (or judgmental) sampling techniques. Structured questionnaires were used to collect data. Descriptive statistics correlation and multiple regression was used to analyze data. Tables and figures were used to present data. Statistical Package for Social Sciences (SPSS 20) software was used to analyze the data. The first objective sought to evaluate the relationship between product and sales performance. These statistical result show that there is a positive perspective indicates that customers attitude about the products of Derba Cement PLC towards the company product quality, product labeling, product package design , brand name and product quality competitiveness. This enables the company to be competitive among other companies which are on the same industry in terms of its product quality. The second objective indicate that customers attitude about the price of Derba Cement are very good towards company price reasonableness and competitive ,taking long period of time to price change and its effect on customers attitude of purchase decision .This enable the company is more competitive than others the same industry in terms of pricing strategy. The third objective indicate that customers attitude about the place/distribution of Derba Cement are good response towards, transport service, door to door delivery of Derba Cement has an effect on customers purchase decision. The fourth objectives indicate that customers attitude about the Advertising of Derba Cement are moderate response towards , encountered with the advertising , attract attention, create awareness and convinced about the product ,repetitiveness and gives the company a competitive edge .This is difficult the company is more competitive than others in better way on the same industry in terms of Advertising. The fifth objectives indicates that all questions which are product quality increment or reduction, selling price increment or reduction, due to advertising and on time product delivery or late delivery have an effect on the sales of Derba Cement PLC. The study concluded that customers' attitude about the product qualities of Derba Cement are best for its customers, customers' attitude about the price of Derba Cement is moderate and the pricing may discourage some customers, Customers' attitude about the advertising are best to get, attract and influence the attitude of its customers towards the product, customers' attitude about the place of Derba Cement is best for its customers to get their ordered products directly from the factory keeping the product safe, factors which affect the sales of Derba Cement PLC are very good. So that, it can be concluded as product quality increment or reduction, selling price increment or reduction, due to advertising and on time product delivery or late delivery have an effect on the sales of Derba Cement PLC. The study recommended that the Derba Cement should write the manufacturing date own its product labeling. Because, it helps the customers to estimate or control the shelf time of the product and the company should keep its current product quality, product labeling, product package design and brand name to hold its customers and increase sales volume because of that. Therefore, the company should keep its current pricing without increment. After looking the price movement of other competitors, the company should adjust its price. The company should give or start price discount for those who purchase large quantity and to increase customer intention to purchase their products hence increase in sales volume. Derba Cement should also use attractive stimuli's its customers during promotion hence influences customer's perception and increase sales.*

*Key words, Marketing mix, product, price, advertising, place.*

## **ACKNOWLEDGEMENT**

First of all, I would like to thank almighty God for his blessing-full knowledge, inspiration and diligence required for the successful completion of this thesis.

I wish to register my special acknowledgement to my advisor Dr. Mesfin Workineh for taking me through this research work. He tirelessly and passionately encouraged me in various aspects of the study to a successful end.

Lastly, I express my deep sense of gratitude to, my family, friends especially Mekdes Tesgaye & colleagues who have directly and indirectly helped me in this research.

## **DEDICATION**

Special thanks to my loving parents: Tadesse Engedawork and Yeshe G/Kidane. My sisters Nitsu Tadesse and my brother Ephreme Tadesse whose encouraging words, and continued support ring in my ears throughout my studies. I dedicate this project and give special thanks to my brothers and sisters for being there for me throughout the entire masters' programme. Special thanks to my mother and father for the tremendous support in all aspects, she's been a blessing to me. This achievement would not have been happened without the support of The Saint Mary's University Lecturers and friends. I will forever stay remembering your contribution to this work.



# CHAPTER ONE

## 1.1 Background of the Study

Marketing is societal process, by which individual and groups obtain what they need and want through creating offering, and freely exchanging products and service and value with other (Philip Kotler p,4 2003). Marketing emphasizes on achieving to customer goals, along with the goals of the organization. Marketing should be an essential part of the companies. Today, marketing is one of the important tasks in achieving the goals of the organizations' profitability (Sui pheng, Low et al, 1997: 273).

Marketing mix is the set of the marketing tools that the firm uses to pursue its marketing objectives in the target market (Kotler, Ang, Leong and Tan, 1999). Theories of marketing management and strategy need to evolve and change to keep pace with changes in the marketplace and in marketing practice (Goldsmith, 1999). The marketing mix is not a theory of management that has been derived from scientific analysis, but a conceptual framework which highlights the principal decisions that marketing managers make in configuring their offerings to suit customer's needs. The tools can be used to develop both long term strategies and short term tactical programs (Palmer, 2004).

To enter, stay and be competitive in these modern turbulence/dynamic business activities, every Company Marketing mix elements plays a vital role to attract and hold the existing and new Customers and manage the internal and external necessities of the organization.

As afield ,marketing is widely used terms to describe the means of communication between the company and the consumer audience The American marketing Association recently defined as “Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large” (Approved July 2013).

Pillars of marketing activities that ultimately differentiate one profit organization from the others are 4ps or marketing mix (product, promotion, place and price). Marketing mix is a controllable part of marketing tools that affects the demand and increases it (Jonathan Ivy, 2008: 298). By the compound, mix, or a combination, it is meant that the four Ps (product, price, promotion, and place) should have an established and coordinated systematic approach in order to have effective influence on persuading the customers. In other words, the right product at affordable prices is accompanied by better distribution and use of appropriate communication techniques and they act together in costumers' views.

The use of marketing mix is an excellent way to help ensure that ‘putting the right product in the right place and the importance of marketing mix lie in its contribution towards the formation of an effective marketing strategy and its practical implementation. Integrating all the essential of effective marketing, marketing mix allow you to analyze and asses the feasibility and role of the product or service that you have to offer, identify appropriate distribution channel for the proper placement of your product, set a suitable price for

the value that you are offering to your consumers and identify and employ suitable promotional media. Consequently, marketing mix provides you with an all-inclusive and holistic marketing approach and gives direction.

The product pillar of the marketing mix can represent either a tangible product (a car, for instance) or an intangible service (such as health care). Importantly, a product or service must meet customers' needs and represent the quality and value that customer's demand.

Cement is an essential component of infrastructure development and most important input of construction industry, particularly in the government's infrastructure and housing programs, which are necessary for the country's socio economic growth and development. Cement second most consumed material on the planet next to water. Along with customer product which need extensive marketing strategy, industrial products too prerequisites effective marketing strategy.in the case of our country, due to the emerging of infrastructures development especially in construction sector the need of cement is too high. (Ethiopian Cement Industry Development strategy 2015-2025)

Derba MIDROC Cement (DMC) is involved in manufacturing of cement with specific products. The factory born to contribute its share in unleashing the potentials of Ethiopian cement industry by availing cement, the critical input that underwrites infrastructure development, abundantly and at a reasonable price. The company is the largest and state-of-the-art cement plant based in the Muger valley - some 70 km North-West of Addis Ababa where the major raw material required for cement production are in abundance. The clinker production capacity is 5,600 tons per day (8,000 tons of cement per day).

The Company produces two types of Cement products. They are ordinary Portland Cement (OPC) and Portland Pozzolana Cement (PPC).Products are packaged in 50 kilo bags and are also available in loose or bulk form. DMC sales its products with a brand name - DERBA CEMENT.

## 1.2 Statement of the Problem

Marketing as a concept revolves around customer, profits and sales volume. Its implementation must involve the entire organization in an integrated manner. It focuses on obtaining information about customer needs and wants and taking action based on this information in order to satisfy the needs and wants.

Generally, organization should analyze customer needs, preference, and behavior with respect to product design, pricing, distribution, .Because marketing effort is not a single function rater a combination of many different activities undertaking by a firm to market its products (Clark, 2007)

The 4Ps of product, place, price and promotion is a generic marketing mix that has been applied by many organizations and businesses to position themselves competitively in the market. When designed properly, it promises high sales, profits and market share (B.Turner and Spencer, 1997, p112).

Marketers must know about their target consumers, their wants and preference and then construct the mix elements in the appropriate way to formulate better marketing strategies and plan to satisfy the target consumers' .and for achieving goal, the marketers should control over these marketing mix element (Niharika, 2015).

In related to this, an effective marketing mix is the one which offers a product that solve the problems of customer, that is of low cost to the customer, that effectively communicates the benefits, and that can be purchased with the outmost convenience (Michael .J ,&Bruce, J. William 2013).

By gaining insights into how sales are affected by the 4Ps marketing mix, industry player are going to design their marketing campaigns better to reap higher profits while minimizing costs hence improving on the efficiency. In a highly competitive industry like the Cement, money, time etc. spent must be justified by the gain in the marketing efforts pursued.

In Ethiopia, there were a high and efficient local competitors in cement manufacturing sector and every company attempt to appeal and win customers through effective marketing mix strategies. Cement manufacturing companies work hard to reduce cost, distribute efficiently ,promote its product effectively win new customers and retaining existing ones and increase profit to ensure sustainable development of the businesses.

The effect of marketing mix elements had a big impact on the customer buying and preference of a product. The company is poor in delivering of cement ordered by customers on time, the reduction of sales volume and not delivering the cement on operational plane to the customers is a critical problem. Therefore the research assessed and measure the effect of the major and controllable elements of marketing mix elements effect separately to understand the gap on the sales of Derba cement.

Without having good marketing mix it is difficult to achieve Company's objective. Thus, the aim of this study is to investigate the marketing mix of Derba Midroc Cement PLC.

Based on those identified problems, this research attempts to answer the following research question.

Therefore, this research was focused on the effect of marketing mix on sale of DERBA CEMENT.

### 1.3 Research Questions?

The research question point out those question that the research wants to answer deeply. All question are developed to support the research objectives and to give more clarification on the subject. Marketing mix is different from considering the elements independently

- How do product considerations influence sales of Derba Midroc Cement?
- What is the effect of Advertising on sales of Derba Midroc Cement?

- To what extent does price influence sales of Derba Midroc Cement?
- What is the effect of place/Distribution on sales of Derba Midroc Cement?

#### 1.4 Objective of the study

The objective of this study has two parts.

##### 1.4.1 General Objective

To assess, identify and examine the effect of marketing mix on sales Performance of Derba Midroc Cement.

##### 1.4.2 Specific Objectives

- To examine the product considerations influence sales of Derba Midroc Cement?
- To identifying how the effect of Advertising on sales of Derba Midroc Cement?
- To examine to what extent does price influence sales of Derba Midroc Cement?
- To assess the effect of place/Distribution on sales of the Company?
- **HYPOTHESES**
- **Hypothesis One**
- Null hypothesis ( $H_0$ ): product has no effect on the sales of Derba Cement PLC.
- Alternative hypothesis ( $H_1$ ): product has an effect on the sales of Derba Cement PLC.
- **Hypothesis Two**
- Null hypothesis ( $H_0$ ): price has no effect on the sales of Derba Cement PLC.
- Alternative hypothesis ( $H_2$ ): price has an effect on the sales of Derba Cement PLC.
- **Hypothesis Three**
- Null hypothesis ( $H_0$ ): Advertising has no effect on the sales of Derba Cement PLC.
- Alternative hypothesis ( $H_3$ ): Advertising has an effect on the sales of Derba Cement PLC.
- **Hypothesis Four**
- Null hypothesis ( $H_0$ ): place/distribution has no effect on the sales of Derba Cement PLC.
- Alternative hypothesis ( $H_4$ ): place/distribution has an effect on the sales of Derba Cement PLC.
- **Hypothesis Five**
- Null hypothesis ( $H_0$ ): Each Marketing mix elements (product, price, place promotion) has no effect on the sales of Derba Cement PLC.
- Alternative hypothesis ( $H_5$ ): Each Marketing mix elements (product, price, place promotion) has an effect on the sales of Derba Cement PLC.

## 1.5 Significance of the Study

The study would benefit as the following:-

- A company would understand how the 4p's influence sales performance. So that, it tries to create and keep best marketing mix elements to increase sales volume and profit.
- Stakeholders including (existing and potential) and donors would understand Company's Cement marketing. So, they may use that information for further decision relating to sales performance.
- Staff members in the marketing and operation department would understand how the marketing mix influence on cement sales, so that they can improve service quality.
- The Derba Cement Company/Marketer who are facing increasing competition would identify the right mix for managing sales of Cement in order to improve their profit margins.
- The study would give insight for other researchers to explore and investigate more in the area, in broader scope and wider context.

## 1.6 Scope of the Study

The main concern of this study is the effect of marketing mix elements (price, place, promotion and product) on the sales of Debra Midroc Cement PLC. The sample kind which uses for this research includes promoting Company's product and different customers who buys product at least one time from the factory like, retailers, end users (individuals, governmental, like housing agency, private construction company) and located in Addis Ababa, Ethiopia.

### 1.6.1. Limitation of the Study

The study is limited to examine the effect of marketing mix on the sales of Derba Midroc Cement Factory on the customers who live in Addis Ababa. So, it doesn't include the whole customers of the factory and that creates its own problem on the result of total finding.

Resistance from respondents due to lack of trust on the subject matter on the study, resistance was common among few individuals fearing that the results might have negative impact on their jobs.

## 1.7 Organization of the Study

This thesis is categorized into five main chapters

- The research paper has five chapters. The first chapter is an introductory part, which contains background of the study, statement of the problem, research questions, objective, significance of the study, limitation of the study, and organization of the study.

- The second chapter deals with literature review in which critical review of relevant previous scholars work and empirical review.
- The third chapter discuss about research design and methodology that is used to undertake the research. It includes the design of the study, the sample size, source and tool of data collection, instrument development, procedure of data collection and data analysis method.
- Chapter four discusses the findings of the study with data analysis, presentation and interpretation.
- Finally, the fifth chapter will include summary of findings, conclusions, limitations of the study that could affect the recommendations and recommendations.

### 1.8 Definition of key terms

- **Marketing mix:** is the set of controllable, tactical marketing tools that the firm blends to produce the response it wants in the target market. (Philip Kotler and Gary Armstrong, 2010, 46).
- **A product** is anything that can be offered to a market for attention, acquisition, use or consumption that might satisfy a want or need .product include physical object but also service, event, place, organization, ideas, or mix of this entities. (Philip Kotler and Gary Armstrong, 2010, 217).
- **Price** is the amount of money charged for a product or service. More broadly, price is the sum of all the values that customers give up in order to gain the benefit of having or using a product or service. (Philip Kotler and Gray Armstrong, 2010, 247).
- **Physical distribution** is the storage, handling and movement of goods to make them available when and where customers want them. (Keegan, Moriarty, and Duncan, 1992, 567)
- **Promotion** is any form of communication used to inform, persuade, and/or remind people about an organization's or individual goods, services, image, ideas, community involvement or impact on society. (Evans J.R & Berman, 1997, 454)

## **CHAPTER TWO**

### **RELATED LITERATURE REVIEW**

#### 2.1. Theoretical review

A theoretical frame work can be define as a collection of interrelated ideas based on theories .it is reasoned set of preposition which are derived and supported by data or evidence .this section provided the theoretical framework.

Marketing mix is one of the main objectives of the marketing mix elements for setting objectives and marketing budget measures. The importance of each element depends not only on the company and its activities, but also on the competition and time. All marketing elements are interrelated and should be seen in the whole of their actions. Some items may have greater importance than others; it depends mainly on the company's strategy and its activities. Provide goods - the provision of sales will be a key element. It can be said that the marketing mix measures are the actions and measures necessary to achieve marketing goals. Marketing elements: product, price, place and promotion are used for marketing objectives. These instruments operate most efficiently when all the elements are combined and working together in Order to achieve effectiveness. Effective marketing mix management enables marketers to create a combination of elements that will enable wisely manage the company's budget in order to achieve the desired objectives. Companies that strive to operate effectively and achieve their goals have to pay well to control all elements of the marketing mix. In order to achieve the best result it is not enough to use only one or a few elements. The formation of the marketing mix elements requires taking into account the characteristics of each element so that they could be aligned. The non-alignment of the above-mentioned elements of interaction might be the company's shortcomings. Marketing mix analyzes authors like Presses (2015), Rad, Akbari (2014), Rahnama, Beiki (2013), Ria (2011), Sereikienė-Abromaitytė (2013), Singh (2012) (International Journal of Research –Granthaalayah, vol4, NO.6 (2016).

#### 2.1.1. Concept Briefing

##### **i. Marketing**

Marketing is managing profitable customer relationship. The twofold goals of marketing is to attract new customer by promising superior value and keep and grow current customers by delivering satisfaction (Kotler and Gary Armstrong,2010,4)

In the UK, the Chartered Institute of Marketing (CIM) has proposed a new definition of marketing, describing it as: ‘The strategic business function that creates value by stimulating, facilitating and fulfilling customer demand—it does this by building brands, nurturing innovation, developing relationships, creating good customer service and communicating benefits.

Similarly, the American Marketing Association in 2008 updated its definition, stating that: 'Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large.'

"Marketing is so basic that it cannot be considered a separate function on a par with others such as manufacturing or personnel. It is first a central dimension of the entire business. It is the whole business seen from the point of view of its final result, that is, from the customer's point of view."

A significant shift in emphasis since Drucker wrote this is to be found in the importance that is now attached to competitive position in a changing world. Thus, the marketing concept is that managerial orientation which recognizes that success primarily depends upon identifying changing customer wants and developing products and services which match these better than those of competitors. (Richard M.S Wilson & Colin Giligan, p, 403)

It is concerned with the idea of satisfying a consumer's requirements by means of the product as well as by providing the customer with value satisfaction. A marketing oriented firm tries to create value-satisfying products and services, which the consumer will desire to purchase. By which the profitability of the organization's activities is insured. Marketing is thus a view of the entire business, with profitability and consumer satisfaction. (Rustoms, 1996, 4)

"Marketing is a process of planning and executing the conception, pricing, promotion and place/distribution of ideas, goods and services to create exchange that satisfy individual and organizational objectives." (Anderson C.H & Vincze, J.W. 2000, 6)

A market is consists of all the potential customers sharing a particular need or want which might be able to engage in exchange to satisfy that need or want (Mercer, 1996, 126)

The primary objective of a business is to create customer satisfaction with profit as a reward rather than an objective. In other words, when the customer is satisfied, every stakeholders of the company will benefit. (Anderson C.H & Vincze, J.W. 2000, 85)

Based on the above explanation, we can understand that the goal of marketing is to attract new customers by promising superior value and keep the existing customers by delivering satisfaction which ultimately will bring profit for the company.

## **ii. Marketing Mix**

As McCarthy J.E., (1964) suggest that, managing the marketing mix is the central task of marketing professionals. The marketing mix is the set of marketing tools-often summarized as the 'four Ps' the product, its price promotion and place—that the firm uses to archive its objectives in this target market (cited



in Michael, 2003) .Most of the scholars agreed that, each firm strives to buildup such a composition of 4PS, which can create highest level of consumer satisfaction and the same time meet its organization objectives.

In related to this most marketing professionals the marketing mix is designed to meet those customers' needs and wants. Each element of the mix is designed to meet a customer need (Lauterborn, B, 1990).

According to marketing mix is the set of marketing tools that the firms uses to pursue its marketing objectives in the target market .and also Kotler said marketing mix is the set of controllable variables(product, price ,place(distribution)and promotion) that the firm can use to influence the buyers response. The marketer should focus on each elements goal and strategy in order to influence the consumers and to reach high level of customer's satisfaction (Philip, Kotler, 2000)

Marketers should targets there for blending the mix elements, firstly marketers must know about their wants and presences' and then construct the mix elements in the appropriate way to formulate better marketing strategies and plans to satisfy the target consumer. For achieving goal, the marketer should control oven these marketing mix elements to work in the changing environment i.e. internal and external (Niharika, 2015).

As good as experience and instinct are, it can nevertheless be helpful to quantify and study the different elements in order to ensure maximum effectiveness. That's what E. Jerome Mc McCarthy did in 1960, proposing a "four Ps" classification which we still use today. Using the Four Ps, marketing managers can cut through the noise and confusion and identify which elements they must take responsibility for in order to ensure business success.

As with many things invented more than 50 years ago, the Four Ps has also been updated to reflect the needs of modern businesses. Instead of a total focus on products, the new Eight Ps are flexible enough to include the role of customer service and adapt to businesses which sell services instead of products.

Marketing mix is one of the major concepts in modern marketing, it is defined as the set of controllable, tactical marketing tools that the firm blends to produce the response it wants in the target market. It consist everything the firm can do to influence the demand for its product. The main possibilities can be grouped into four variables known as the "four Ps": Product, price, place, and promotion.

The original four p's are discussed as follows:-

### **2.1.2. Product**

A product is a set of basic attributes assembled in an identifiable form .product is identified by a commonly understood descriptive (or generic )name ,such as steel ,insurance ,tennis rackets ,or entertainment .(Michael, J. Etzeland Bruce ,.J William ,J. 2013,208).

“A product is anything that can be offered to market for attention, acquisition, use or consumption and that might satisfy a want or need.” (Kotler and Armstrong, 1996, p. 257) According to Kotler and Armstrong product need to think about the product on three levels. They are:-

1. Core product: - Core benefits that consumers seek when they buy a product.
2. Actual product:-A product parts, quality level, features, design, brand name, packaging and other attributes that combine to deliver core product benefits.
3. Augmented product:-Additional consumer service and benefits built around the core and actual product, (Installation, delivery, credit, warranty, after sale service etc.).

Based on the above explanation, a product is more than a simple state of tangible features. When developing products, marketers should begin by identifying the core consumer needs the product will satisfy.

#### 2.1.2.1. **Product Classification**

Marketers have traditionally classified products on the basis of varying product characteristics; durability, tangibility and use (consumer or industrial).each product type has an appropriate marketing mix strategy. (Philip Kotler, 1999, 431)

#### 2.1.2.2. **Product Mix**

Kotler and Armstrong stated that, “product mix is the set of all product lines and items that a particular seller offers for sale.” (Kotler and Armstrong, 2008, 229)

Determining product mix is top management’s decision because the more varied product lines are the greater the need to coordinate.

Instead of launching single product, preparing different product lines for market are essential to reduce risk to satisfy and broaden the buying habit of customers.

“Product mix is the assortment of products and product lines available from a manufacture.” (Keegan, et al, 1992, 355)

It is also necessary to determine about the branding, packaging and labeling of a product parallel with product mix decisions when companies offer their products to market

**Packaging** the activity of designing and the container or wrapper for a product. Packaging has become a potent marketing tool .well designed packages can create convenience value for the consumer and promotional value for the producer, (Philip K, 1999, P. 458)

The packaging concept states, what the package should be or do for the product; it implies the main functions of the package; suggest certain qualities about the product or the company or something else. Decisions then must be made on specific elements of the package, such as size, shape, materials, color, text, and brand. The package must also be consistent with products, advertising and distribution.

According to Mercer packaging requirement the following points are included. (Mercer, 1996, P, .193)

**Product description:** the pack must convey what the product is, what it does in terms of the benefit it offers-the promotional message. This may be conveyed by the words, but graphics and overall design are usually chosen to deliver the main initial message.

**Product image:** it must also match the required image.

**Product value:** the pack is often designed to make its contents more than they really are.

**Shelf display:** the pack may be designed to make the most of the shelf space available. So, this may even mean making the pack as compact as possible, so that more may be placed on the shelf, 'stack ability', so that the shelf can take several layers of a product, is another possible pack feature.

However, in marking packaging decision, taking in to account the environment is essential because companies will be asked the environment cost of their products and packaging. (Kotler and Armstrong, 1996, P. 295)

When dealing with the development of products, it is essential to take in to account other marketing mix elements. Among these elements, price decision is one of the factors which determine the product development

## **Labeling**

Labeling is a sub set of packaging .sellers must label their products .the label may a simple tag attached to the product or an elaborate design graphic that is part of the package. The label might carry out only the brand name or a great deal of information. (Philip Kotler, 2000, P.458).

### **2.1.3. Price**

Price is important because of its direct impact on customers, the company and the economy. To consumers, price is an indication of quality and an important factor in decision-making. For the company, selling price represents the means of recouping costs and making a profit.

The price customers are prepared to pay determines the level of demand for a product. This affects overall company prosperity and may have a bearing on the company's competitive position in the market place.

Price levels in general have implications for the national economy. They influence wages, interest rates and Government policy. Some claim that price is all-important. In some commodity markets, companies have achieved similar levels of service, product quality and promotional support so price has become the major method of product differentiation. However, we should not overlook the major marketing efforts these companies have made to reach such a state of similarity. In addition, if a company can differentiate its products on a non-price basis, or conversely, fails to maintain the standards of its competitors, then price should decrease in importance as the major determinant of product choice. Certainly, price is important, but not all-important.

Marketing management faces problems when arriving at a specific price level, as price is difficult to define. Whilst it is possible to think of the price of a product as the monetary value given in exchange, this definition is simplistic when we consider price in relation to other elements of the marketing mix.

The buyer and seller have different views of the price of an item. Whatever buyer's motive for purchase, economic consideration of price as an opportunity cost cannot be ignored? The decision to spend a certain amount of money on one product leaves the purchaser with less to spend on other products or services. Whilst price is often thought of as an indicator of quality and prestige in the minds of consumers, it also has negative aspects. If the quality of two products is perceived to be equal, buyers will naturally choose the cheaper one. Whilst there is scope for product differentiation by the seller, price remains an important yardstick that buyers use in reaching a purchase decision.

Price is the principal mechanism for making profit. There is normally a close relationship between the selling price of a product and the cost of production. The marketer does not view price as being something that is 'attached' to the product after all the other components (tangible and intangible) have been assembled. Rather, the marketing orientated seller anticipates that price will be considered as a product feature, viewed by the buyer in conjunction with a variety of other product attributes. In this way, the marketer never loses from sight the reality that price is one, albeit important, element of overall marketing effort.

Pricing decisions are complicated by the fact that they can create conflict in the firm, within marketing channels and within the competitive environment. Marketing management may arrive at a price that fits perfectly with total marketing effort at a price they believe will be considered to be optimal by the customer. The application of price can be frustrated by other management interests (e.g. accounting might consider it inappropriate in terms of immediate rate of return or distributive intermediaries may consider it to be unfair). If an element of the marketing mix is mismanaged, consequences for a company can be severe. Where pricing is concerned, the effects of bad judgment are more immediately apparent in terms of their influence on the financial wellbeing of the organization. Companies cannot survive unless the value of sales

exceeds costs. An overly high price might damage the effectiveness of a well-conceived marketing mix strategy.

If a price is set too low and the volume of sales cannot offset this disparity, it is unlikely that a subsequent increase in price will be readily acceptable to the marketplace. The financial or survival implications associated with pricing strategy make this functional area one of key importance to a company. (Geoff. & Pall Reynolds, 2005, P. 43-45)

#### **2.1.4. Place/distribution**

“Distribution is an operation or a series of operations, which physically brings goods manufactured or produced by any particular manufacturer to the hands of the final consumer.” (Rustoms, 1996, 379)

“It is chain of intermediaries; each passing the product down the chain to the next organization, before it finally reaches the consumer or end users.” (Mercer.1996, P.285)

##### **2.1.4.1. Channel Distribution**

“A coordinated group of individuals or firms that direct the flow of products to customers” (Keegan, J.W, 1992, P.551) “It is a set of interdependent organizations involved in the process of making a product or service available for use or consumption by the consumer or business user.” (Kotler and Armstrong, 2005, P. 362) Channel members buy large quantities from many producers and break them down in to the smaller quantities wanted by consumers. Marketing channel limits the number of contacts producers have to make, in order to move products from their plant in to the market place to satisfy customer need, and it enables customers to limit the number of contacts necessary to obtain the goods and services they need. But, channels must be evaluated and carefully considered. (Keegan, et al, 1992, P.552-557)

Anderson and Vincze, states that the distribution decision must interact with product, promotion, and pricing decision in order to achieve organization objectives. (Anderson, C.H. & Vincze, J.W 2000, P.283)

No matter how good the product, how effective the promotion, and how appropriate the price; a firm cannot succeed unless it can get its product in to the hands of its target market. Channel managers must understand the functions performed within the channel in order to design the correct channel and coordinate channel operations.

In distribution channel, there are third party companies who act as the wholesaler, transporter, and retailer: the intermediaries. The basis role of the intermediaries is simplifying the channel transactions by reducing the total amount of works P.that the producers and consumers supposed

to do. Figure 1 .Illustrates the comparison between the channel with a distributor (A) and a channel without a distributor (B).

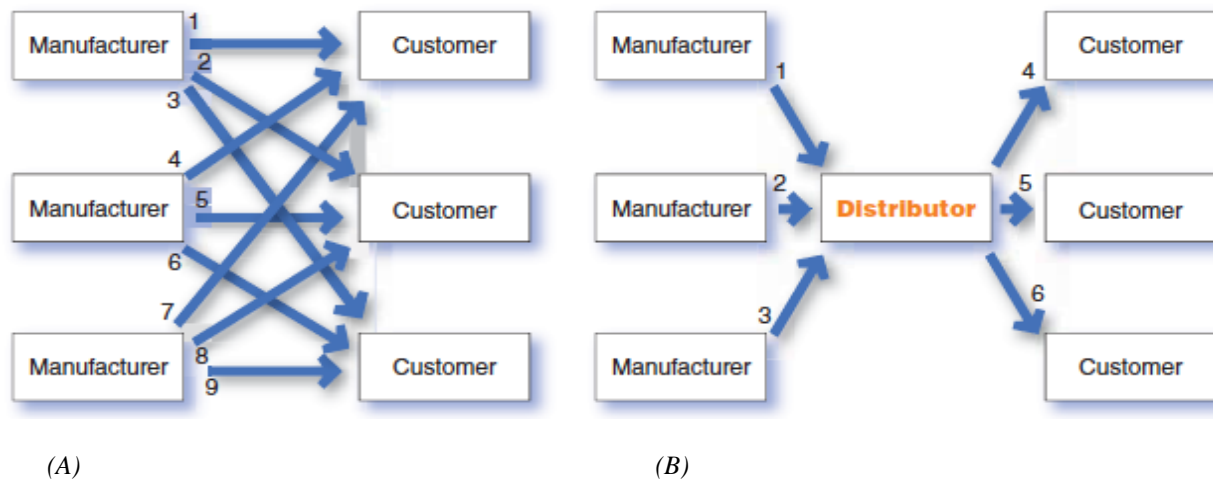


Figure 1. How a distributor reduces the number of channel transactions Source (Kotler and Armstrong, 2014, p.364)

#### 2.1.4.2. Physical Distribution

“Physical distribution is the storage, handling and movement of goods to make them available when and where customers want them. The physical distribution considers many sales distribution channels, such as wholesale and retail, and includes critical decision areas like customer service, inventory, materials, packaging, order processing, and transportation and logistics (Keegan, Moriarty and Duncan, 1992, P.567)

Keegan, Moriarty, and Duncan, (1992.P. 569-571) classified the physical distribution activities as follows:

**Order Processing:** is the receipt and transmission of sales order information. The more efficiently orders are processed; the less time is required for delivery and the greater the satisfaction for customers.

**Warehousing:** is the storage of goods while they are waiting to be sold or shipped.

A customer must decide on how many and what type of warehouses it needs and where they will be located.

Markets must balance the faster-service advantage of numerous warehouse locations with the increased warehousing costs of multiple locations.

**Inventory Management:** is the control of inventory levels, managers must maintain the delicate balance between carrying too little inventory and carrying too much. With too little stock the firm risks not having products when customers want to buy. This leads the firm to costly emergency shipment or production.

Carrying too much inventory results in higher than necessary inventory carrying costs and stock obsolescence. Thus in managing inventory firms must balance the costs of carrying larger inventories against resulting sales and profit. (Kotler, Armstrong, 2005, P.381)

**Transportation:** The physical means by which goods are transferred from manufacturer to wholesaler and from wholesaler to retailer and from retailer to customers; it also incorporates shipping goods to warehouse. Truck, rail, water, pipeline and air are five main transportation modes. No physical distribution system can both maximize customer service and minimize distribution costs. Instead, the goal of physical distribution system is to provide a targeted level of service at the cost. (Kotler and Armstrong, 2005, P.389)

Managers have to choose cost effective and fastest mode of transportation and also calculate the shortest distance to reduce costs of transportation.

Managers have to decide up on the promotional elements to reach target consumers after they develop products, determine its prices and distribution channel.

### **2.1.4.3. Promotion**

“Promotion is any form of communication used to inform, persuade, and/or remind people about an organization’s or individual goods, services, image, ideas, community involvement or impact on society.” (R.Evans and Berman, 1997, P. 454)

It is mainly all embracing term to describe an import part of the marketing mix. (Wilmshurst, 1995, P. 124)

“It refers to all activities and programs that add value to the brand-an incentive to buy beyond the products inherent benefits.” (Keegan, et al, 1992, P.729) Sales promotion should help to reinforce the product’s position and to build long-term customer relationships.

### **2.1.4.4. Promotion Mix**

Promotion mix typically includes advertising, sales promotion, public relations, personal selling. And direct marketing tools that the company uses to persuasively communicate customer value and build customer relationship. (Philip Kotler and Armstrong, 2010, 342).

**Advertising:** any paid form of non-personal presentation and promotion of ideas, goods or service by an identified sponsor (Philip Kotler and Armstrong, 2010, 342,)

The major advertising media are newspaper, television, direct mail, radio, magazines and internet. Each medium has its own advantage and limitation. (Kotler and Armstrong, 2005, 464)

**Table 1- Advantages and disadvantages of promotion kinds**

<b>Medium</b>	<b>Advantages</b>	<b>Disadvantages</b>
News paper	Flexibility, timelines, good local market, coverage, broad acceptability, high believability	Short life, poor reproduction quality, small pass-along audience
Television	Good mass-market coverage, low cost per exposure, combines sight, sound and motion, appealing to the senses.	High absolute costs, high clutter, fleeting exposure, less audience selectivity.
Direct mail	High audience selectivity, flexibility, no advertising competition within the same medium, allows personalization	Relatively high cost per exposure, “Junk mail” image.
Radio	Good local acceptance, high geographic and demographic selectivity, low cost.	Audio only, fleeting exposure, low attention, fragmented audience
Magazines	High geographic and demographic selectivity, credibility and prestige, high-quality, reproduction, long life and pass-along readership	Long ad purchase lead time, high cost, no guarantee of position
Internet	High selectivity, low cost, immediacy, interactive capabilities	Small, demographically skewed audience, relatively low impact, audience

Source: Adopted (2019)

An advertising objective is a specific communication task to be accomplished with specific target audience during a specific period of time. No matter how big the budget, advertising can succeed only if advertising gain attention and communication well. Good advertising messages are important in today’s costly and cluttered advertising environment.

**Sales promotion:** “Short term marketing activities that generate sales by adding value to products, stimulating consumer purchasing and fostering trade cooperation.” (Keegan, et al, 1992, P.729)

**Public relation:** “Publicity is a non-personal form of communication and refers to significant news coverage by any mass media (press, radio, television etc.) about a product, service or company, that is the indirect paid presentation of an organization service or product” (Berkowitz, 1989,P.21)

Public relation can have strong impact on public awareness at a much lower cost that advertising can. The company doesn’t pay for the space or time in media. It is a powerful brand-building tool. To accomplish these goals public relation professionals use several tools such as news, speeches and special event. They also prepare written and audiovisual materials.

**Personal selling:** “ A two way flow of communication between a potential buyer and a sales person designed to identify the potential buyer’s needs, match those needs to one of the firm’s products and convince the potential buyer of this match and thus to buy the product.” (Keegan, et al, 1997, P.207)



It is more flexible than other forms of promotion. Sales person can establish each customer's individual needs and frequently can help to shape the product to fit these needs. (Willmeshurst, 1997, P.207)

Personal selling is more expensive than advertising. But, among promotional techniques, only personal selling provides immediate feedback.

**Direct marketing** is direct connection with carefully targeted individual consumers to both an immediate response and cultivate lasting consumer relationship. (Philip Kotler and Armstrong, 2008, P.399).

## **2.2. Criticize on Marketing Mix**

4Ps delimits four distinct, well-defined and independent management processes. Despite the consistent effort by many physical businesses to deal with the 4P in an integrated manner, the drafting but mainly the implementation of the Policies remains largely the task of various departments and persons within the organization. Even more significant thought is the fact that the customer is typically experiencing the individual effects of each of the 4Ps in diverse occasions, times and places, even in case that some companies take great pains to fully integrate their marketing activities internally (Constantin ides, 2002; Wang, Wang and Yao, 2005). However, a study by Rafiq and Ahmed (1995) suggested that there is a high degree of dissatisfaction with the 4Ps framework. Even, Overall these results provide fairly strong support Booms and Bitner's (1981) 7P framework should replace McCarthy's 4Ps framework as the generic marketing mix. Development of marketing mix has received considerable academic and industry attention. Numerous modifications to the 4Ps framework have been proposed, the most concerted criticism has come from the services marketing area (Rafiq and Ahmed, 1995).

The introductory marketing texts suggest that all parts of the marketing mix (4Ps) are equally important, since a deficiency in any one can mean failure (Kellerman, Gordon and Hekmat, 1995). Number of studies of industrial marketers and purchasers indicated that the marketing mix components differ significantly in importance (Jackson, Burdick and Keith, 1985). Two surveys focused on determination of key marketing policies and procedures common to successful manufacturing firms (Jackson, Burdick and Keith, 1985). Udell (1964) determined that these key policies and procedures included those related to product efforts and sales efforts. This followed in order by promotion, price, and place. In a replication of this survey, Robicheaux (1976) found that key marketing policies had changed significantly. Pricing was considered the most important marketing activity in Robicheaux's (1976) survey, although it ranked only sixth in Udell's (1964) survey. Udell (1968) found that sales efforts were rated as most important, followed by product efforts, pricing, and distribution. LaLonde (1977) found product related criteria to be most important, followed by distribution, price, and promotion. Perrault and Russ (1976) found that product quality was considered most important, followed by distribution service and price. McDaniel and Hise, (1984) found that chief executive officers judge two of the 4 Ps, pricing and product to be somewhat more

important than the other two – place (physical distribution) and promotion. Kurtz and Boone (1987) found that on the average, business persons ranked the 4 Ps to be of most importance in the following order: price, product, distribution, and promotion. Thus, it appears from these studies that business executives do not really view the 4 Ps as being equally important, but consider the price and product components to be the most important (Kellerman, Gordon and Hekmat, 1995). The concept of 4Ps has been criticized as being a production-oriented definition of marketing, and not a customer-oriented (Popovic, 2006). It's referred to as a marketing management perspective. Lauterborn (1990) claims that each of these variables should also be seen from a consumer's perspective. This transformation is accomplished by converting product into customer solution, price into cost to the customer, place into convenience, and promotion into communication, or the 4C's. Möller (2006) highlighted 3-4 key criticisms against the Marketing Mix framework:

- The Mix does not consider customer behavior but is internally oriented.
- The Mix regards customers as passive; it does not allow interaction and cannot capture relationships.
- The Mix is void of theoretical content; it works primarily as a simplistic device focusing the attention of management.
- The Mix does not offer help for personification of marketing activities.

A review of another article, "Revision: Reviewing the Marketing Mix" (Fakeideas, 2008) found that:

- The mix does not take into consideration the unique elements of services marketing.
- Product is stated in the singular but most companies do not sell a product in isolation. Marketers sell product lines, or brands, all interconnected in the mind of the consumer
- The mix does not mention relationship building which has become a major marketing focus, or the experiences that consumers buy.
- The conceptualization of the mix has implied marketers are the central element. This is not the case. Marketing is meant to be 'customer-focused management'.

Even, a study by Rafiq and Ahmed (1995) found that there is a high degree of dissatisfaction with the 4Ps, however, 4Ps is thought to be most relevant for introductory marketing and consumer marketing. The result also suggests that the 7Ps framework has already achieved a high degree of acceptance as a generic marketing mix among our sample of respondents. (International Journal of marketing, vo.1 (2009) Curtin University of Technology,).

### 2.3. Marketing Strategy and Planning Marketing Programs

A marketing strategy is a marketing plan that designed to achieve marketing objectives.

### 2.3.1. The Product as a Strategic Variable

Because the product is at the very heart of marketing strategy, the need to manage it strategically is of paramount importance, since how well this is done is the key both to the organization's overall financial performance and to the gaining and retaining of market share. The question of how to manage the products strategically is not necessarily answered easily, however, and for many firms involves a careful balancing of costs, risks and returns. In doing this, explicit consideration needs to be given to competitors and in particular to the probable implications of any moves that they are likely to make.

In many cases, time is a critical dimension of product strategy and exerts a significant influence on any marketing manager's freedom of movement. In the long term, say five to ten years, products can be changed radically in almost all industries and can therefore make a major contribution to corporate objectives. In the short term, however, the product is often much more inflexible

In developing an effective product strategy, a variety of factors need to be considered. The first, and in many ways the most important, is the question of the type of product strategy that is to be pursued. Is it, for example, to be broadly offensive or broadly defensive? If it is to be offensive, the strategist needs to consider not just how this is to be translated into action, but also its feasibility and the costs and risks that are associated with it. We can identify four types of product strategy:

- 1- A market leader product strategy
- 2- A leadership challenging product strategy, which might translate, initially at least, into 'the strategy of the fast second', where the firm allows the existing leader to incur the costs and risks of developing a new product and then moves in rapidly after the launch with a copy or an improved version of the product.
- 3- A product following strategy.
- 4- A me-too product strategy.

Where, however, an organization is intent either on leading or challenging, the implications for product strategy is considerable and is likely to make heavy demands upon resources. The majority of leaders retain their leadership position by means of a series of small and large innovations, supported by a heavy investment in advertising and distribution. For a challenger to succeed, the implications are straightforward, and in many industries require an even greater level of investment and/or the sort of radical and breakpoint thinking.

The question of which strategy to pursue cannot be made in isolation, but requires a detailed understanding both of the organization's current position and capabilities, and of each competitor's stance and likely response pattern when challenged. The starting point should therefore be an assessment of the organization's current portfolio. Such an assessment can be carried out in one of several ways, including

using the product life cycle and techniques of portfolio analysis. . (Richard M.S. Willson & Colin Gilligan, P502-P.503)

## **Pricing Policies and Strategies**

The second principal element of the marketing mix-price-is in many ways one of the most visible, and for many organizations price is also potentially the most controllable and flexible element of the mix. It is also in many cases one of the most important elements and, together with the product, a key component of an organization's marketing strategy. At the same time, however, it is generally acknowledged that pricing decisions are among the possibly most difficult that marketing managers are required to make. There are several reasons for this, the most significant of which is the nature and complexity of the interaction that commonly exists between three groups-consumers, competitors and the distributing network- and the need that exists to take this interaction into account when either setting or changing a price. An added complexity is that pricing decisions often have to be made quickly and without testing, but almost invariably have a direct effect upon profit. Largely because of this, many marketing managers work to reduce the relative importance of price by, for example, giving far greater emphasis to the product's distinctive values and to its image. In other case, the pricing decision is taken out of the hands of the marketing strategist by a combination of market-related factors. Prominent among these is the presence of a large and aggressive competitor, who in effect determines price for industry as a whole and who, with the exception of just one or two small niche players, all other organizations are obliged to follow. The issue faced then by the strategist revolves not around the question of what price to set, but rather how to ensure that costs are contained in such a way those profits can still be made.

Price is undoubtedly a significant strategic variable and in many markets, despite a growth in the importance of non-price factors, it is still the principal determinant of consumer choice. Its significance is further emphasized by the fact price is the only element of the mix that generates revenue – the others produce costs. It is perhaps understandable, therefore, that many marketing strategists treat pricing decisions with an extra degree of caution, which helps to explain why studies on both sides of the Atlantic have suggested that setting prices and dealing effectively with price competition is one of the biggest problems faced by marketing managers. The combination of these factors also goes some way towards explaining why it has often been suggested that relatively few organizations handle pricing well and why a series of mistakes are commonly made. The most common of these are that:

- Pricing decisions are often too heavily biased towards cost structure and fail to take sufficient account of either competitors' or customers' probable response patterns.
- Prices are often set independently of other mix elements and without sufficiently explicit account being taken of, for example, advertising strategies and market positioning.

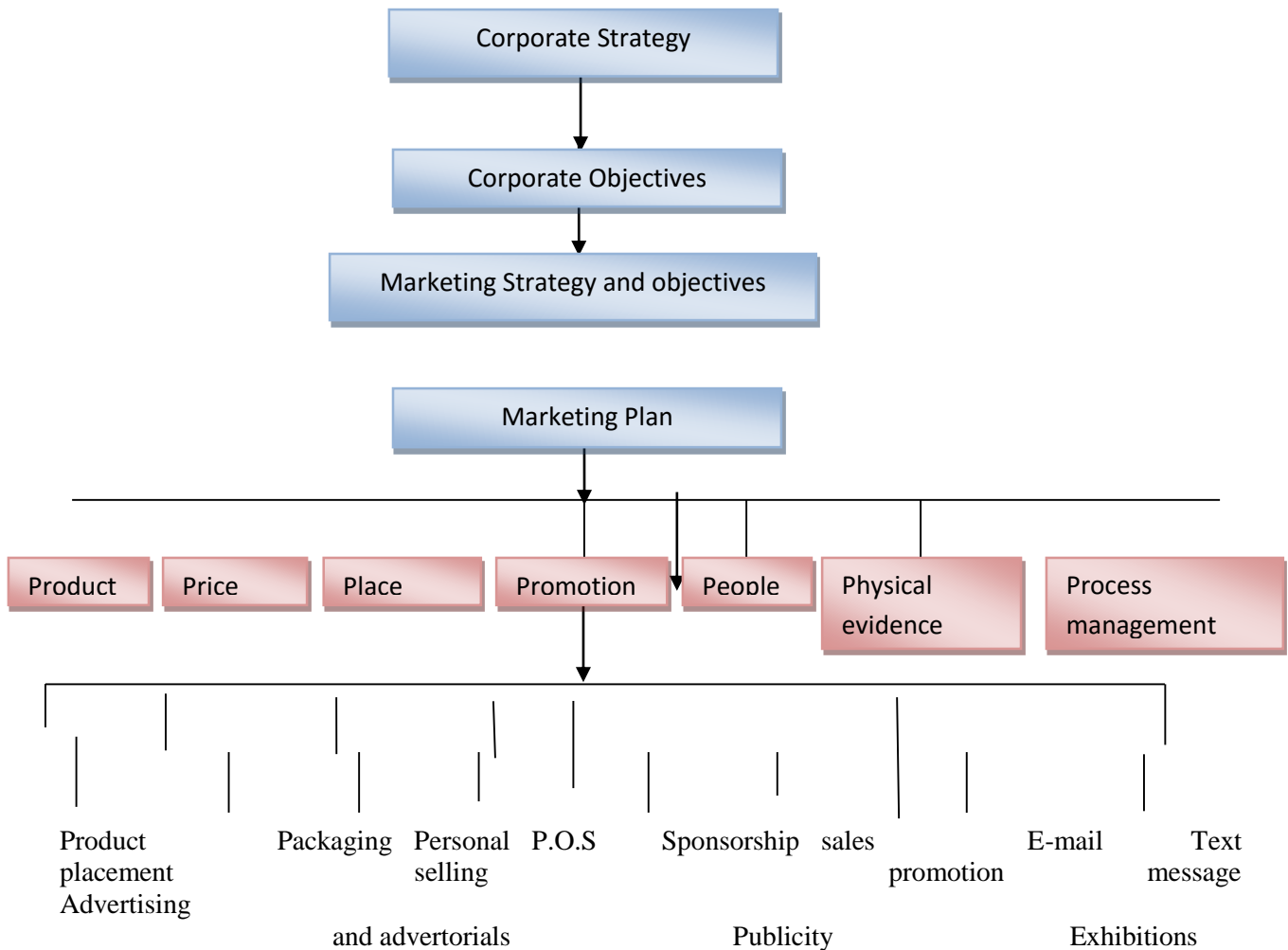
- Too little account is taken of the opportunities to capitalize on differentiation.
- Prices often do not vary sufficiently greatly between different segments of the market.
- Prices often reflect a defensive rather than an offensive posture.

Taken together, these points suggest that pricing decisions run the risk of emerging largely as the result of historical factors or of expediency, rather than of detailed strategic thinking. The likelihood of this risk is further increased by the often haphazard way in which the focus of responsibility for pricing is allocated. In many small firms, for example, pricing decisions are often made not by sales and marketing staff, but by senior management. In large organizations, although the responsibility for price setting is often devolved downwards, senior management typically retains an overseeing brief.

Perhaps the biggest single source of the problems that are typically associated with pricing stems from the question of whether pricing should be the responsibility of marketing or finance. Although writers on marketing have long argued that price is a marketing variable, a substantial body of evidence exists to suggest that in many organizations price is still seen to be the responsibility of the finance department, and that finance staff guard their possession of this with a degree of jealousy that makes it difficult for marketing to do little more than exert a minimal influence. (Richard M.S. Willson & Colin Gilligan, P502-503)

### **2.3.2. Promotion and Marketing Communications Strategies**

For many organizations marketing communications represent the most visible face of the organization. The question of how the communications program is to be managed is therefore a fundamental part of the strategic marketing task. In deciding how best to do this, the planner needs to come to terms with a variety of issues, including the questions of how the communications program can be integrated with the other elements of the marketing mix in order to achieve the greatest degree of synergy; the relationship that exist between the communications or promotions mix and the other elements of the marketing mix is illustrated as follows:



**Figure 2.3 Promotional Mix elements**

The above figure shows the promotion mix and its link with the corporate and marketing strategies. More cost effective than either personal selling or promotion. However as level of awareness and readiness increases so personal selling takes on a more direct and valuable role. Closing the sales is also achieved most effectively by personal selling and sales promotion .while advertising then begins to increase the importance again at the re-ordering stage .( Richard M.S. Willlson & Colin Gilligan ,P523-524)

### 2.3.3. Distribution Strategies and the Distribution plan

Distribution strategy is the method a firm uses to get products and services to different channels and networks with objective to reach the end customer, either directly or indirectly. The intermediaries include the agent, wholesaler, and distributor and also retailers .these element help in insuring that affirm has provide the customers with quality customer service that has influence of the level of customer satisfaction (palmer, 2011,) customer require convenience for the product offering such as the physical access. Distribution channels are important in a firm’s level of competitiveness.

A significant and increasing part of many organizations' expenditure is that incurred in keeping their products on the move through the channels of distribution to the final customer. The distribution plan focuses on the set of decisions relating to the processes that are concerned with the flow of supplies, components, products and services between sources of supply, the producer, intermediaries and end-users.

The success of order-getting activities will determine the volume and hence the scale of order-filling activities. This influences distribution planning (and control) in a significant way. Similarly, the level of customer satisfaction engendered by order-filling activities will affect the placing of repeat orders, which again illustrates the interdependency of the elements of the marketing mix.

There are two major areas to consider under the broader heading of order-filling. One relates to channel management decisions, given that few organizations distribute their outputs directly to the final user. The other relates to the management of physical distribution activities, such as transportation, inventory management, warehousing and other-processing (collectively known as logistics). .( Richard M.S. Willson & Colin Gilligan ,P.528-529)

### **Formulating the Channel Strategy**

The objective to be served by a distribution strategy will typically cover how, when and where the enterprise's market offerings should be made available to the targeted markets. The strategy provides a means to these ends. Perhaps the most crucial aspect is the choice of a level of service by which an enterprise might seek to secure competitive advantage.

It is also necessary to consider the characteristics of orders: large orders will require different distribution strategies from those which are appropriate for small orders.

As Rosen bloom (1995, P.554) has pointed out, the importance of channel strategy is likely to depend upon the existence of one or more of the following conditions:

- Target markets (or customer) demand a strong emphasis on distribution.
- Competitive parity exists in other marketing mix variables, with the need for channel strategy to provide some differential advantage.
- Competitive vulnerability exists because of distribution neglect.
- Opportunities for synergy exist through channel strategy (e.g. via partnerships and strategic alliances).( Richard M.S. Willson & Colin Gilligan ,P.530)

### **Marketing mix Strategies and Performance**

The marketing mix is a long plan on action which is used in order to help a firm to gain its competitive advantage over its competitors .The competitive advantage is sustainable when competitors cannot imitate

their source of competitiveness or when no other firm conceives a better offering (Kurtiz L, & Baron E, 2011). In study by Riordan et al. (2012) estate that performance of a firm viewed as a multidimensional construct and that the level of performance of a firm differ based on a number of factor that characterize the industry. it has been done so as to have a more direct related marketing practice with the outcomes.

Effective marketing mix strategies have greatly contributed towards business performance in different aspect of a firm such as the growth in sales volume, the level of the return on investment as well as maintenance of the goodwill.

Effective marketing mix strategies have greatly contributed towards business performance in different aspect of a firm such as the growth in sales volume, the level of the return on investment as well as maintenance of the goodwill. This implies that effective marketing mix strategies strengthen the level of competitiveness and the market share. In another study by Kurtz & Boone (2011), effectiveness of marketing mix strategies affects the level of the application of strategies that influence performance of firms. The study argued that challenges which marketers face are in terms of their inability of showing the level of effectiveness of their marketing mix strategies. This makes it difficult on anticipation on the changes which take place in the marketing situation of a firm and evaluation of the whole of the market. It is clear, that there are no agreed conclusions about the marketing mix strategies and their relationship to the performance of firms.

#### 2.3.3.1. Planning Marketing Programs

To transform marketing strategy into marketing programs, marketing managers must make basic decisions on marketing expenditure, marketing mix, and marketing allocation. First, Atlas must decide what level of marketing expenditures will achieve its marketing objectives. Companies typically establish their marketing budget at a percentage of the sales goals. A particular company may spend more than the normal percentage ratio in the hope of achieving a higher market share. Second, the company has to decide how to divide the total marketing budget among the various tools in the marketing mix: product, price, place, and promotion.

Finally, marketers must decide on the allocation of marketing budget to the various products, channels, promotion media, and sales areas. How many dollars should support Company's two or three product lines? Direct versus distributor sales? Direct-mail advertising versus trade-magazine advertising? East Coast markets versus West Coast markets? To make these allocations, marketing managers use sales-response functions that show how sales would be affected by the amount of money spent in each application.

The most basic marketing-mix tool is product-the firm's tangible offering to the market, which includes the product quality, design, features, branding, and packaging. As part of its product offering, a company may provide various services, such as leasing, delivery, repair, and training. Such support services can provide a competitive advantage in the globally competitive marketplace.



A critical marketing-mix tool is price. A Company has to decide on whole-sale and retail prices, discounts, allowances, and credit terms. Its price should be commensurate with the offer's perceived value. Otherwise, buyers will turn to competitors' products.

Place includes the various activities the company undertakes to make the product accessible and available to target customers. A company must identify, recruit, and link various marketing facilitators to supply its products and services efficiently to the target market. It must understand the various types of retailers, wholesalers, and physical-distribution firms and how they make their decisions.(vinod kumar Garg&N.K.Venkitakishan,P.121-123)

Promotion includes, the fourth marketing tools all the activities the company undertakes to communicate and promote its products to the target market. A company has to hire, train, and motivate salespeople. It has to set up communication and promotion programs consisting of advertising, sales promotion, public relations, and direct and on-line marketing (Philip, K, 2000, P. 87).

## 2.4. Empirical Review

### **Previous Study About Effect of Marketing Mix Elements**

Previous study done by Gobezie Getache in 2018 studied the effect of marketing mix elements on sales for onion marketing, the result of descriptive statistics, onion marketing in the study area is challenged by product, price, promotion and place factors. Based on the results of regression analysis, product, price, promotion and place factors are the independent variables that have statistically significant effect on the sale volume of onion marketing. The result shows that, promotion takes the highest beta value in relation to sales volume followed by product factors, price, and place factors stood at third and fourth influential factors respectively.

Previous study done by Philippe Ndikubwimana, in( 2016) studied the Effect of Marketing Mix on Sales Volume on Kimironko Commercial Centre In this study, we have found that there is a low level of marketing practices in KCC, and therefore, many small businesses fail and close few days after their start up. Where some businesses do not use marketing strategies that links companies to the customers they serve.

The respondents said that there were no sufficient buyers for their products and this resulted into lesser sales volume on one hand, and on the another hand, the customers complained that the price are high and not affordable. Successful marketing strategies today have become very customer centric, and this is very different from olden days. The reason for this is the vast amount of choices and options that the customer has today, coupled with the large amount of disposable income in

their hands. This has increased the competitiveness between sellers vastly, and the only way they can entice customers is through effective marketing.

The product is bought because it has got a certain customer need satisfaction ability and those products with basic needs satisfaction ability have chance to attract higher sales volume. The price represents value/benefit to the consumers.

The place can contribute to increase in sales volume in the sense that products are availed at the right place where they are needed. Finally, the promotion influences the sales volume in the fact that the customers are aware of offered products, where they are and at which prices they are sold. In order to optimize the sales volume, SMEs of KCC need to adjust marketing mix components correctly because all of the 4Ps contribute greatly to the sales volume as whole and there is no reason to ignore one of them or associate it with less importance in marketing plan

**Table 2.4: Summary of Empirical Literature and Research Finding**

<b>Researcher</b>	<b>FOCUS OF THE STUDY</b>	<b>FINDINGS</b>	<b>LIMITATIONS</b>	<b>Focus area of the current study</b>
Gobezie Getache	The effect of marketing mix elements on sales for onion marketing,	The brokers need to be registered and recognized by relevant authorities and, on the other hand, get trusted while connecting the farmers with the buyers. The local governmental agencies, the cooperatives and other relevant bodies should facilitate to establish sustainable marketing linkage between producers and consumer cooperatives and facilitate the linkage of producers to relevant markets regionally, nationally and internationally. A marketing linkage among Onion farmers and the government institutions consuming high volumes of Onions (university, military camps, and other sectors) need to be established.	Further research should be on investigating other elements of marketing which should be able to grow sales performance	To assess the effect of marketing mix elements on sales volume for onion marketing in case of Meki Batu fruit and vegetable growers' cooperative union
Philippe Ndikubwimana,	The Effect of Marketing Mix on Sales Volume on Kimironko Commercial Centre	The finding of respondents said that the sales volume is influenced by other factors other than product (Like customer care, economic factors, politic and environmental factors), for them every product can be sold and bought.	Lack of related data to support the study joined with time constraint were the main limitations.	To examine the effect of the marketing mix (product, price, place and promotion) on the sales volume in SMEs in Rwanda, especially in KCC.

## 2.5. Conceptual Framework

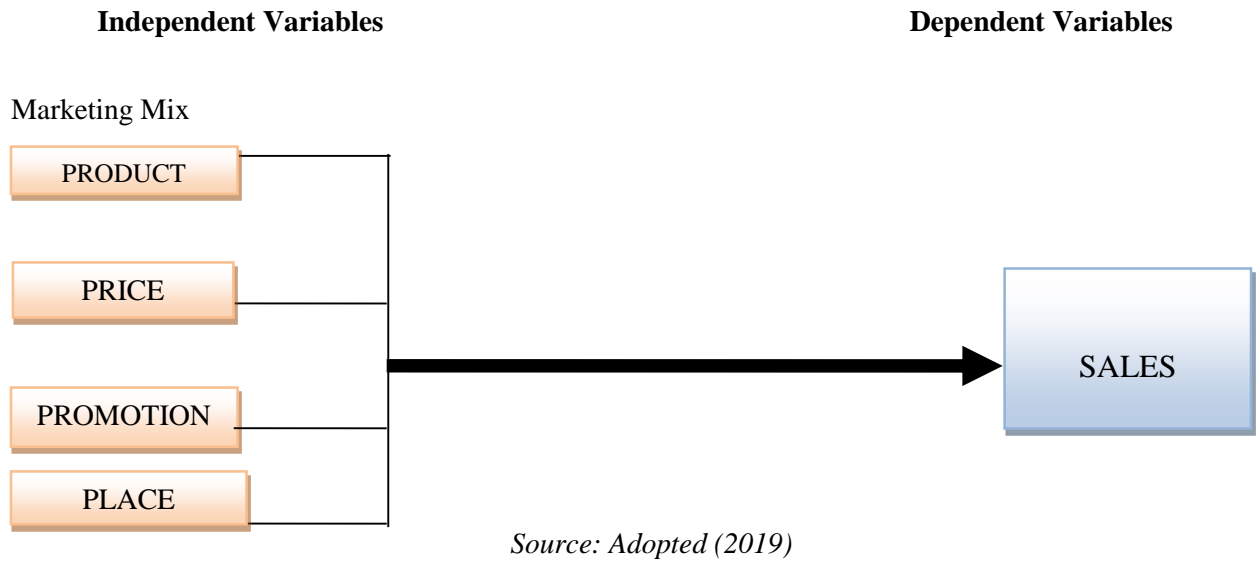


Figure 3: Conceptual Framework

The relationship between product, place, price and promotion is known as the marketing mix. This concept, which is a major part of your company's overall marketing strategy, was discussed in a 1964 publication by Professor Neil H. Borden. Borden noted that the relationship of these factors are important to building an effective marketing approach. The sales of any company depends on the quality and kind of product which is better than the competitors that satisfy the needs of the customers, the price of the product whether it is affordable or not relative to customers demand and competitors, availability or delivery time of the product to target customers and means or ways of communications in which the company uses to communicate itself with its customers to create awareness, convince and remind about its products.

## **CHAPTER THREE**

### **RESEARCH DESIGN AND METHODS**

#### **3.1. Research Approach**

This study using the quantitative research approach .The use of statistical data as a tool for saving time and resources. (Bryman, 2001, P.20) argue that quantitative research approach is the research that places emphasis on numbers and figures in the collection and analysis of data. Imperatively, quantitative research approach can be seen as being scientific in nature. The use of statistical data for the research descriptions and analysis reduces the time and effort which the researcher would have invested in describing his result.

#### **3.2. Research Design**

According to Zikmund (2012), a research design is a framework that is used by researchers to conduct research. This research framework includes the procedures as well as the procedural framework necessary for obtaining the data and information needed to structure and solve a research problem. The study used a descriptive research design. Because used to “describe “a situation, subject behavior, or phenomena. According to Sekaran and Bougie (2013), descriptive research is a design used to answer the what, how and why. Descriptive research is undertaken to describe answers to questions of who, what, where, when, and how. When we wish to know *who* our customers are, *what* brands they buy and in what quantities, *where* they buy the brands, *when* they shop, and *how* they found out about our products, we turn to descriptive research. Descriptive research is also desirable when we wish to project a study’s findings to a larger population. If a descriptive study’s sample is representative, the findings may be used to predict some variable of interest such as sales. (Alvin C. Burns & Ronald F. Bush, 2014) The research used quantitative research to gain better knowledge and understanding of the results.

The theory behind this study is the marketing mix (4P’s) developed by Mc McCarthy in the 1960s. It seeks to establish the relationship between the marketing mix elements and sales performance.

#### **3.3. Data type and Data Sources**

The primary data are those which are collected a fresh and for the first time and happen to be in original character. (Kothari, 2002) The study has used primary source of data .The Primary data was collected through questioner .secondary data helped to cross check official information ,learn about major organizational players and roles. They also supported to exploring of particular response during interview. The secondary data was found from the previous studies which were published for other purpose like Ethiopian Cement Industry Development Strategy 2015-2025 and company sales data base.

### 3.4. Target Population and location

The target population of the study would comprise of the retailers, end users and marketing, operation, Distribution department managers who work in Derba MIDROC cement are included. The target population 385 respondents provide relevant information needed for this research and the location of the study are in Addis Ababa.

### 3.5. Sample Size

The selection of the respondents was carried out by using non probability sampling particularly purposive sampling (expert purposive sampling). Since the total population of this research is infinite or it is difficult to estimate the exact number of the whole population and hence according to Kotahir the formula to find out the sample size (n) of infinite population or difficult to estimate the exact population is given under formula.

**Where** n- Sample size

Z - Standard deviation given a corresponding confidence level of 95%

P Estimated proportion of incidence (success rate =0.5)

q- (1-p) or assumed or error margin in a given situation

e- Proportion of sampling error or error margin in a given situation (5%)

Thus the sample size of the intended study with 95% confidence level, probability of 50% occurrence, probability of 50% failure and 5% marginal error, obtained as:

$$n = \frac{Z^2 (p)(q)}{e^2} = \frac{1.96(0.5)(0.5)}{(0.05)^2} = 384.16 = 385$$

As result, based on the formula this study needs a sample of 384 respondents taken from customers who purchase Derba cement, like retailer's construction companies and end users. This sampling techniques is selected because, it enables there researcher to draw a representative data by selecting sample from the population who are convenient available and volunteering to participate the study. Also, the researcher used this techniques in order to obtain a large number of completed questionnaires quickly and economically.

### 3.6. Sample Techniques and Procedure

In reality, there are some circumstances that the searchers can collect data from the entire population, but in many other cases, it is impracticable to do so .this is caused by the massive size of population, budget

constraints, time limitation and other obstacles. For that reason, it is necessary to select a sample with in the population. The study has used non probability (or judgmental) sampling techniques. Non-probability (or judgmental) sampling: the probability of each case being selected in the population is unknown. (Saunders, Lewis, and Thorn hill, 2009).

### 3.7. Data Gathering Instrument

Data collection instruments were questionnaire, interview and observation which are predesigned by the researcher and tested for validity and reliability. Reliability and validation were conducted. The interview questions were focused on the company marketing mix elements. The Likert scale was a 5- point scale from 1 strongly disagree to 5 strongly agree. Two set of questionnaires would be developed one for the customers and the other interview part for marketing manager and sales department Head, operation manger, distribution manger, production manager

### 3.8. Data Analysis Technique

The data collected were arranged into a more workable framework that enabled the researcher to classify and organize them. In order to get desired results from the study, data collection was processed, and that is through, editing, coding, classified and entered into statistic software (SPSS 20) for descriptive analysis to discover correlations and differences between the variables and sources. It was done to show the 4 P's influence thus sales volume of the Derba Midroc Cement. Differences were tested using ANOVA. Hypotheses tests were conducted and results of analysis were displayed using statistical summary tables.

## **Regression model**

Regression analysis is widely used for predicting and for exploring the forms of relationships among the independent and dependent variables. Multiple regression analysis is used to absorb the relationship between the dependent and independent variables.

In this case, the dependent variable is sales and independent variables are product, price, promotion and place. According to adopted model, the researcher has constructed the following model to test the coefficients of the independent variables as follows.

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

Where:-

Y=Sales

X<sub>1</sub>=Product

X<sub>2</sub>=Price

X<sub>3</sub>=Promotion

X<sub>4</sub>=Place and

e=error term/residual term

### 3.9. Reliability and Validity

Mainly survey method is the strategy of the research and the reliability of the scale which is how the collected data is free from random error is checked. Collected data is worthwhile only if they are recorded in accurate ways. For any measurement to be valid, it must first demonstrate reliability (Frey, Botan, and Kreps 2002). In order to be reliable, the Cronbach's alpha should exceed the threshold of .70. To check the reliability, the questionnaires were pretested with first 30 sample questionnaires. As a result, Cronbach's alpha showed a satisfying reliability, above the 70%.

Cronbach's Alpha	N of Items
.741	31

Source: own survey, 2019 (SPSS, 20 output)

This indicates that there was a high degree of internal consistency amongst the test items

### 3.10. Ethical Consideration

Every person who involved in this study was entitled to the right of privacy and personal dignity and no personal harm was caused to subjects in the research. Acknowledgement for the works of other authors was given and quoted which used in any part of the dissertation.

Additionally, this research paper has considered the following ethical issues before, on progress and after the research is conducted:-

- ✓ Full consent of participants prior to the study.
- ✓ Respect for the dignity of research participants
- ✓ The protection of the privacy of research participants
- ✓ Existence of offensive, discriminatory, or other unacceptable language in the formulation of Questionnaire/Interview/Focus group questions.
- ✓ Maintenance of the highest level of objectivity in discussions and analyses throughout the research
- ✓ Any deception or exaggeration about the aims and objectives of the research

## CHAPTER FOUR

### DATA PRESENTATION, ANALYSIS & INTERPRETATION

#### INTRODUCTION

This chapter deals with analysis of data on the findings of the study and discussion on the findings. The chapter consists of the response rate, descriptive analyses (i.e. the Demographic information; mean and standard deviation of the respondents' responses) and inferential analysis which sought to answer the study hypotheses. 380 questioners administered to the research response, 350 were filled and returned to the research analysis. The questioner that were not returned were 20 and 330 questionnaires are usable. There for the response rate was 87%. The introduction section presents the respondents' response rate and the reliability of research instrument.

#### 4.1. Respondent Profile

Demographic characteristics including: gender/sex, age and current educational background responses are summarized as follows using frequencies and percentages respectively.

**Table 4.1 Demography characteristics' of the respondent**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	230	69.7	69.7	69.7
	Female	100	30.3	30.3	100.0
	Total	330	100.0	100.0	
Valid	18-25	21	6.4	6.4	6.4
	26-35	167	50.6	50.6	57.0
	36-45	80	24.2	24.2	81.2
	46-55	61	18.5	18.5	99.7
	above 56	1	.3	.3	100.0
	Total	330	100.0	100.0	
Valid	8-12	73	22.1	22.1	22.1
	Certificate	130	39.4	39.4	61.5
	Diploma	87	26.4	26.4	87.9
	Degree	29	8.8	8.8	96.7
	masters and above	11	3.3	3.3	100.0
	Total	330	100.0	100.0	
Valid	1 time	7	2.1	2.1	2.1
	2-5	82	24.8	24.8	27.0
	6-10	73	22.1	22.1	49.1
	above 10times	168	50.9	50.9	100.0
	Total	330	100.0	100.0	

Source: own survey, 2019 (SPSS 20, output)



From table 4.1.1 69.7% of the respondent who participated in the study were male, whereas 30.3 of their respondent were female .This result shows that in the purchase of Cement for construction or retail purpose, the involvements of males are more dominant than the females.

From table 4.1.1 Basing age6.4% of the respondent were younger than 26, 50.6% of the respondent were the most frequent respondent age between 26-35 years, 24.2% of the respondent between 36-45, 18.5 % of the respondent between 46-55, 0.3% of the respondent were above 56 years .This age group is more energetic and highly activated for business transaction .The table indicates the information is viable.

From table 4.1.1 Basing education 22.1% respondents were between grade 8 and grade12, 39.4% most frequent respondent were have certificate , 26.4% respondents were Diploma, 8.8% respondents were B.A Degree, 3..3% respondents were Master’s Degree and above all/Master Degree. The result shows that all education group involve in the cement business but large no who buy cement are certificate for retail or construction purpose.

From table 4.1.1 Buying frequency 50.9% respondent were buy cement frequently, 2.1% respondent were buy cement for one time,24.8% respondent were buy cement between 2-5 times ,22.1% the respondent were buy cement between 6-10 times .This shows the customer’s satisfy by their products .

#### 4.2. Descriptive Analysis and interpretation

The statements in the study used the Likert scale ranged between 1 and 5 where 1= strongly dis agree 2=Dis agree 3=Neutral 4=Agree 5=very Agree. The descriptive findings of the sections of the questionnaire dealing with the variables are presented in this section

##### 4.2.1. Descriptive statistics for each about the product

Table 4.1.2 Attitude about the product

	N	Maximum	Mean	Std. Deviation
The products qualities of Derba Cement are best to use	330	5.00	4.23	.861
The product labeling of Derba Cement is easily understandable and clearly stated	330	5.00	4.12	.900
The product package design of Derba Cement is attractive.	330	5.00	3.95	1.118
The brand name of Derba Cement is highly memorable	330	5.00	4.10	.902
The product quality of Derba Cement is competitive than others	330	5.00	4.13	1.002
The quality of Derba Cement has an effect on my purchase decision	330	5.00	3.57	1.196
Aggregate score of product	330		4.01	.996
Valid N (listwise)	330			

Source: own survey, 2019 (SPSS, 20 output

From table 4.1.2 .in reference to the aggregate mean for all questions is 4.01, most of the respondent agreed that their companies product. These statistical result show that there is a positive perspective indicates that customers attitude about the products of Derba Cement PLC towards the company product quality, product labeling, product package design , brand name and product quality competitiveness . This enables the company to be competitive among other companies which are on the same industry in terms of its product quality.

#### 4.2.2. Descriptive statistics Attitude about the price

**Table 4.1.3 Descriptive Statistics about the price**

	N	Maximum	Mean	Std. Deviation
The price of Derba Cement PLC is reasonable	330	5.00	3.94	1.09
The price of Derba Cement PLC is competitive than others	330	5.00	3.89	1.07
The price of Derba Cement PLC has an effect on my purchase decision	330	5.00	3.16	1.23
The price of Derba Cement PLC is inconsistent	330	5.00	3.41	1.14
The current price of Derba Cement PLC makes me to stay and continue my purchase decision	330	5.00	3.78	1.10
Derba Cement PLC takes long period of time to make price change	330	5.00	3.30	1.36
Price			3.58	1.16
Valid N (listwise)	330			

Source: own survey, 2019 (SPSS, 20 output)

From table 4.1.3, in reference to the mean, most of the respondent towards the price shows that the average mean score 3.58 being explained high. This indicate that customers attitude about the price of Derba Cement are very good towards company price reasonableness and competitive ,taking long period of time to price change and its effect on customers attitude of purchase decision .This enable the company is more competitive than others the same industry in terms of pricing strategy.

#### 4.2.3. Descriptive statistics for each attitude about the Advertising

**Table 4.1.4 Descriptive Statistics about Advertising**

	N	Maximum	Mean	Std. Deviation
I have encountered with the advertising of Derba Cement PLC	330	5.00	2.95	1.24
The advertising of Derba Cement PLC is attract attention.	330	5.00	3.67	1.24
The advertising of Derba Cement PLC gives companies a competitive edge	330	5.00	2.99	1.28
The advertising of Derba Cement PLC creates awareness about the product by its promotion clearness.	330	5.00	3.37	1.28
The advertising of Derba Cement PLC is repetitive and makes me familiar with the promotion.	330	5.00	3.29	1.29
The advertising of Derba Cement PLC makes me convinced about the product.	330	5.00	3.43	1.22
Advertising			3.28	1.25
Valid N (listwise)	330			

Source: own survey, 2019 (SPSS, 20 output

From table 4.1.4, in reference to the mean, most of the respondent towards the Advertising shows that the average mean score 3.28 being explained moderate. This indicate that customers attitude about the Advertising of Derba Cement are moderate response towards , encountered with the advertising , attract attention, create awareness and convinced about the product ,repetitiveness and gives the company a competitive edge .This is difficult the company is more competitive than others in better way on the same industry in terms of Advertising .

#### 4.2.4. Descriptive statistics for each attitude about the place

In Ethiopia tracks are still the predominant and almost the sole option to transport cement and its related imported inputs. Especially, following Derba Midroc Cement Company's import of 850 Volvo trucks through its sister company, Derba Transport, most of the larger cement firms have shifted towards owning their own transportation tracks directly or indirectly through their affiliated businesses. (Ethiopian Cement Industry Development strategy, 2015, P.34-35)

**Table 4.1.5 Descriptive Statistics about place/Distribution**

	N	Mean	Std. Deviation
The transport service of Derba Cement is best to use.	330	4.13	1.10
I am comfortable by the current product delivery time of Derba Cement PLC.	330	3.85	1.23
The door to door delivery of Derba Cement PLC has an effect on my purchase decision.	330	3.36	1.31
Derba Cement distribution and delivery service keeps the product safe	330	4.06	1.06
Beside company's trucks, using customers' truck to load their own orders is best to use.	330	3.76	1.06
Door to door delivery service of Derba Cement PLC save customers' time of searching trucks	330	3.90	1.10
Distribution		3.84	1.14
Valid N (listwise)	330		

Source: own survey, 2019 (SPSS, 20 output

From table 4.1.5, in reference to the mean, most of the respondent towards the distribution shows that the average mean score 3.84 being explained high. This indicate that customers attitude about the place/distribution of Derba Cement are good response towards, transport service, door to door delivery of Derba Cement has an effect on customers purchase decision.\

#### 4.2.5. Descriptive statistics for each attitude about the sales

From table 4.1.6 in reference to the mean, most of the respondent towards the sales shows that the average mean score 3.28 being explained moderate. This indicate that customers attitude about the Advertising of Derba Cement are moderate response towards , encountered with the advertising , attract attention, create awareness and convinced about the product ,repetitiveness and gives the company a competitive edge .This is difficult the company is more competitive than others in better way on the same industry in terms of Advertising .

**Table 4.1.6 Descriptive Statistics about Sales**

	N	Maximum	Mean	Std. Deviation
Due to Derba Cement PLC product quality increment, I have purchased more than I planned.	330	5.00	3.59	1.19
Due to Derba Cement PLC product quality reduction, I have reduced more than I planned.	330	5.00	3.12	1.38
Due to Derba Cement PLC selling price increment, I have reduced my purchase quantity than I planned.	330	5.00	3.21	1.17
Because of Derba Cement PLC selling price reduction, I have purchased more than I planned.	330	5.00	3.24	1.20
Due to the advertising of Derba Cement PLC, I have purchased more than I planned.	330	5.00	3.18	1.14
Due to on time product delivery, I have purchased more than I planned	330	5.00	3.35	1.20
Due to delay of product delivery time, I have reduced my purchase quantity than I planned.	330	5.00	3.37	1.27
Sales			3.29	1.22
Valid N (listwise)	330			

Source: own survey, 2019 (SPSS, 20 output

From table 4.1.6, The response towards factors of sales shows that the averages mean score for all questions is 3.29 being explained moderate. This indicates that all questions which are product quality increment or reduction, selling price increment or reduction, due to advertising and on time product delivery or late delivery have an effect on the sales of Derba Cement PLC.

#### 4.3. Test Result of statistical assumption

**Assumptions of normality:** Most of the parametric tests require that the assumption of normality be met. Normality means that the distribution of the test is normally distributed (or bell-shaped) with 0 mean, with 1 standard deviation and a symmetric bell shaped curve. To test the assumption of normality.

**Table 4.1.7 Descriptive Statistics statistical assumption**

	N	Mean	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
Sales	330	3.2987	-.161	.134	.267	.268
Valid N (listwise)	330					

Source: own survey, 2019 (SPSS, 20 output

The value of from the above table shows that skewness value are all under the range of  $\pm 2$  and the same thing for kurtosis value which are under the range of  $\pm 7$  listed above. Therefore the result shows above we can say that the data was normally distributed among the same population.

#### 4.4. Correlation

A correlation analysis is conducted to measure the relationship between all the identified independent variables (product, price, promotion and place) and the dependent variable (sales). Accordingly, the following correlation result was obtained.

**Table 4.1.7 Correlations**

		product	Price	advertising	distribution	sales
Product	Pearson Correlation	1	.441**	.348**	.263**	.396**
	Sig. (2-tailed)		.000	.000	.000	.000
	N	330	330	330	330	330
Price	Pearson Correlation	.441**	1	.512**	.278**	.487**
	Sig. (2-tailed)	.000		.000	.000	.000
	N	330	330	330	330	330
advertising	Pearson Correlation	.348**	.512**	1	.322**	.439**
	Sig. (2-tailed)	.000	.000		.000	.000
	N	330	330	330	330	330
distribution	Pearson Correlation	.263**	.278**	.322**	1	.270**
	Sig. (2-tailed)	.000	.000	.000		.000
	N	330	330	330	330	330
Sales	Pearson Correlation	<b>.396**</b>	<b>.487**</b>	<b>.439**</b>	<b>.270**</b>	<b>1</b>
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	330	330	330	330	330

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

Source: Own survey 2019 (SPSS 20 output

According to adopted model, the following guidelines are used to interpret the strength of the relationships:

Low –  $r = 0.10$  to  $0.29$ ; Moderate –  $r = 0.30$  to  $0.49$ ; High –  $r = 0.50$  to  $1.0$

From the above table4.1.7 result, it is possible to indicate that all the independent variables (product, price, promotion and place) are found to be positively moderate related with the dependent variable (sales) at 1% level of significance. It is the price that is the most highly related with the sales ( $r = 0.487$  with  $p\text{-value} = 0.000$ ). Whereas the correlation between advertising, product and place are  $r = 0.396$  with  $p = 0.000$ ,  $r = 0.439$  with  $p = 0.000$ ,  $r = 0.270$  with  $p = 0.000$  respectively.

#### 4.4.1. Multiple Regression Analysis

In this section the researcher is used multiple regression analysis to absorb the relationship between the dependent and independent variables. Further, regression analysis helps the researcher to understand how the typical value of the dependent variable changes when any one of the independent variable is varied, while other independent variables are held fixed. Regression analysis is widely used for predicting and exploring the forms of relationships among the independent and dependent variables.

For the purpose of determining the extent to which the product, price, promotion and place explain the variance in the sales of the company, multiple regression analysis is performed.

Model summary, ANOVA and regression coefficients results of the multiple regression analysis are presented as follows respectively:-

**Table 4.1.13**

**Model Summary<sup>b</sup>**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.565 <sup>a</sup>	.320	.311	.59425	.320	38.196	4	325	.000	1.876

a. Predictors: (Constant), distribution, product, advertising, price

b. Dependent Variable: sales

Table 4.1.13 indicates R, R square, Adjusted R square and Standard error of the estimate. Additionally, it lists the independent variables that are entered into the regression model.

R (.565) is the correlation of the independent variables with the dependent after all the inter correlations are taken into account.

R<sup>2</sup> (coefficient determinant) uses to know whether the data fits well to the model or not and helps us to know how much the variation in the dependent variable (sales) is affected by the variation in the independent variables (product, price, promotion and place). Hence, the above table shows that R<sup>2</sup> =.320 is moderate indicating that the 32 % of the total variation in the dependent variable (Sales) was explained by the independent variables (product, price, promotion and place).

ANOVA/ analysis of variance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	53.952	4	13.488	<b>38.196</b>	.000 <sup>b</sup>
	Residual	114.767	325	.353		
	Total	168.720	329			

a. Dependent Variable: sales

b. Predictors: (Constant), distribution, product, advertising, price

Source: Own survey 2019(SPSS 20 output

The significant level is 0.00 which is less than 0.01. This indicate that the model was statically significant at the 5% level of significant

In the above ANOVA table F test and P-value indicates the explanatory power of the independent variable .and obviously, the null hypothesis is that, the model has no explanatory power. Which means the entire coefficient on the independent variables is zero or none of the independent variable help to predict the dependent variable. But, as shown in the above ANOVA table p-value for both is 0.000 and which is less than 0.05 and it is significant .so we concluded that there is very strong evidence to reject the null and accept the alternative. Since the p- value is statistically significant we can say that there is supported relationship between effect of marketing mix elements and sales

### **Interpretation test result output multicolliniarity**

Based on the coefficient output colliniarity statistics, obtained VIF value of 1.

#### 4.1.1. Multi collinearity test of the study.

The study tested the data to ensure that the assumption of Multi collinearity is satisfied. Hair, J.F., Anderson *al.*, (1995) suggest use of the Variance Inflation Factor (VIF) to ascertain multi collinearity. For acceptable levels, the VIF should range between 1 and 10. The study has used multi collinearity test because when the sample size is large enough it is assumed that the sample is normally distributed. Multi collinearity analysis was carried out to establish the possibility of a collinearity problem of the predictor variables having some explanatory power over each other (Menard, 1995).



**Table 4.1.8 Multi collinearity test of independent variable**

Model	Collunearity Statistics	
	Tolerance	VIF
PRODUCT	0.771	1.297
PRICE	0.654	1.529
ADVERTISING	0.691	1.446
DISTRIBUTION	0.864	1.158

a.dependent variable: sales

Source: Own survey 2019 (SPSS 20 output

The relevant column figures for VIF and tolerance statistics from table 4.1.8 show that the values are within the acceptable range. Therefore the results and conclusions of VIF indicated that the independent variable are less than 5 which indicates there is no multi colliniarity among them.

**Regression analysis coefficient**

To investigate the significant the effect of marketing mix on the sales performance in Derba Midroc cement P.L.C, multiple regression model computed.

**Table 4.1.9 Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.666	.247		2.701	.007
Product	.224	.065	.180	3.447	.001
Price	.278	.056	.279	4.941	.000
advertising	.162	.043	.209	3.790	.000
distribution	.052	.033	.078	1.580	.115

a. Dependent Variable: sales

Source: Own survey 2019(SPSS 20 output

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

- Whereas Y=sales
- $\beta_0$ =constant
- $X_1$ =product
- $X_2$ =price
- $X_3$ =Advertising

- $X_4$ =distribution
- $\beta_1, \beta_2, \beta_3, \beta_4$ =Beta coefficients
- $Y = 0.666 + 0.224 X_1 + 0.278 X_2 + 0.162 X_3 + 0.52 X_4 + e$

According to the regression equation established, taking all the four marketing mix effect in to account constant at zero, sales performance of the company will be 0.666

### **Testing of Research Hypotheses**

Before this stage, the researcher applied some tests to analyze the properties of the collected data as a normality test and a multicollinearity test. The study tested five hypotheses which sought to establish the effect of the study variables; product, price, advertising, distribution on the sales. The statistical results is based on standardized coefficients beta and p- value to test whether they are rejected or not.

#### **Hypothesis One**

Null hypothesis ( $H_0$ ): product has no effect on the sales of Derba Cement PLC.

Alternative hypothesis ( $H_1$ ): product has an effect on the sales of Derba Cement PLC.

Product has positive and significant effect on sales of Derba cement this supported ( $P=0.001$  and  $B=0.180$ ). This implies that, the null hypothesis and accept the alternative hypothesis. That means attitude above the product is significant at 1% level of significant in affecting sales.

#### **Hypothesis Two**

Null hypothesis ( $H_0$ ): price has no effect on the sales of Derba Cement PLC.

Alternative hypothesis ( $H_2$ ): price has an effect on the sales of Derba Cement PLC

Price has positive and significant effect on sales of Derba cement this supported ( $P=0.000$  and  $B=0.279$ ). This implies that, the null hypothesis and accept the alternative hypothesis. That means attitude above the price is significant at 1% level of significant in affecting sales.

#### **Hypothesis Three**

Null hypothesis ( $H_0$ ): Advertising has no effect on the sales of Derba Cement PLC.

( $H_3$ ): Advertising has an effect on the sales of Derba Cement PLC

Advertising has positive and significant effect on sales of Derba cement this supported ( $P=0.000$  and  $B=0.209$ ). This implies that, the null hypothesis and accept the alternative hypothesis. That means attitude above the price is significant at 1% level of significant in affecting sales alternative hypothesis

#### **Hypothesis Four**

Null hypothesis ( $H_0$ ): place has no effect on the sales of Derba Cement PLC.

Alternative hypothesis ( $H_4$ ): place has an effect on the sales of Derba Cement PLC

Distribution has positive and significant effect on sales of Derba cement this supported ( $P=0.115$  and  $B=0.078$ ). This implies that, the null hypothesis and accept the alternative hypothesis. That means attitude above the price is significant at 1% level of significant in affecting sales.

#### **Hypothesis Five**

Null hypothesis ( $H_0$ ): Each Marketing mix element (product, price, place, promotion) has no effect on the sales of Derba Cement PLC.

From the ANOVA table it is possible to see the overall significant of the model. The table shows that the f-value (38.196) is significant at 0.01 level of significant (P value that corresponds to F statistics is significant). The overall model is significant enough in explaining how sales depend on all four independent variables (product, price, promotion and place) jointly. Since the probability to accept the null hypothesis (Marketing mix has no effect on sales of Derba Cement PLC) that is for the f-value is 0.000, we can reject the null hypothesis and accept the alternative hypothesis (Marketing mix has an effect on the sales of Derba Cement PLC). Therefore, the alternative hypothesis supports the analysis and the result indicates that 32. % of the variance in sales of Derba Cement Company has been significantly explained by product, price, promotion and place.

As we can see from the regression result, all the independent variables are found to have a positive effect on the sales.

All the independent variables which are included in the model (product, price and Advertising) except place those are statistically significant in affecting sales. This is proved from the associated t-values of each coefficient which are above 2.

All variables are significant at 1% level of significant in affecting sales.

Among all variables the most determinant which affects sales is price whose value is 0.278 tive hypothesis ( $H_5$ ): Marketing mix has an effect on the sales of Derba Cement PLC

## **Response from the interview**

1. How many products produce and provide for the market?
  - Currently the Company produces two types of Cement products.
  - They are ordinary Portland Cement (OPC) and Portland Pozzolana Cement (PPC). Products are packaged in 50 kilo bags and are also available in loose or bulk form. The products meet the requirements of the Ethiopian National Standard No.En-197 and are transported door to door by Derba Transport PLC – our sister company. DMC sales its products with a brand name - DERBA CEMENT.
  - The Ordinary Portland Cement (OPC-).The product can be used in all concrete structures, road pavements, foundations and retaining walls, water arcs, dams, wall adhesives and mortars, concrete pipes, in industrial work grounds contaminated with medium level sulphate, refineries and in general-purpose construction works where a low hydration temperature is needed. The product is produced as per CEM-I-42.5 grade and contains 95% clinker and 5% gypsum.
  - The Portland Pozzolana Cement (PPC) we produce can generally be used in works requiring high strength values, concrete works performed at low temperature, precast buildings, tunnel-form applications and foundations. The product is produced as per CEM-II-32.5 grade and contains 67% clinker, 28% pumice and 5% gypsum.
2. How do you control the qualities of your products? Like your laboratory. If there are other methods state them.
  - We control the qualities of our products using Ethiopian quality control authority standards once a year and our laboratory every week.
3. Do you work with local institutions to get technical support and enhance the quality of your existing products and create the new products? If you work with some of them please mention the name.
  - Yes, we are working with Adama University

Do you think, the qualities of your product have a positive effect on your sales volume?

  - Yes it has a major factor especially on cement industry to increase a sales volume. It is true for Derba cement PLC.

## **About the Price:**

1. How do you set the prices of your products (your pricing strategy)?
  - We follow the competitive pricing approach.

2. Do you think, your prices have an effect on your sales volume?
  - Yes, Derba sets its price on the vision to be reasonable to our customers. So we try to set our price lower than other competitors it enables to increase the sales volume.
3. Does your company offer price discount for those who buy big/large quantity?

No, we don't offer price discount.
4. Do you think, the qualities of your product have a positive effect on your sales volume?
  - Yes it has a major factor especially on cement industry to increase a sales volume. It is true for Derba cement PLC

### **About the Advertising:**

1. What kind of Advertising methods/means do you use?
  - Mostly we use Radio, TV and News Paper like fortune to advertise our products.
2. Do you think, your Advertising affect the purchase decision of your customers? If yes, state with example.
  - Yes, it affects the purchase decision of our customers.

### **About the Place/Distribution**

1. What are your distribution channel methods?
  - Door to door delivery service / direct distribution channel.
2. What are the main obstacles on your product distribution services?
  - One of the main obstacles of our distribution is traffic congestion and the government restrict entrance time to 40 ton trucks to the city.
3. Do you deliver your products on time? If not, what are the reactions of your customers?
  - Not all the time. Because of this customers become dissatisfied.

# **CHAPTER FIVE**

## **SUMMARY OF FINDING, CONCLUSION AND**

### **RECOMMENDATIONS**

#### **Introduction**

In this last chapter of the study it presents a summary of finding, conclusion and recommendations of the study basing on the objectives of the study.

#### **5.1 Summary of Findings.**

From the analyses, the researcher has tried to present the major findings. From the descriptive analysis, the researcher observed that the response to the questionnaire items when analyzed in terms of individual questions the demographic analysis show that most of the respondents were males that is 230 of them or 69.7%, while 100 respondents were female representing 30.3%. Hence, males are the dominant customers of Derba Cement PLC.

The first objective set towards attitude about the product and sales the average mean score for all questions is 4.01. It was also established that majority of the respondent agreed that Derba Cement product quality product labeling, product package design and its brand name

The second objective set towards attitude about the price and sales the average mean score for all questions is 3.58. It was also established that majority of the respondent agreed that Derba Cement price affordability and fairness, price flexibility and its effect on customers attitude of purchase decision.

The third objective set towards attitude about the advertising and sales the average mean score for all questions is 3.28. It was also established that majority of the respondent of Derba Cement are moderate towards its attractiveness, effect on their attitude, awareness about the product and its repetitiveness to make them familiar with the advertising.

The fourth objective set towards attitude about the place/distribution and sales the average mean score for all questions is 3.84. It was also established that majority of the respondent of Derba Cement place/distribution are very good towards its door to door product delivery service and the effect of place on their attitude.

The response towards factors of sales shows that the averages mean score for all questions is 3.29 being explained moderate. This indicates that all questions which are product quality increment or reduction, selling price increment or reduction, due to advertising and on time product delivery or late delivery have an effect on the sales of Derba Cement PLC.

The regression result obtained also indicated that all the coefficients of the independent variables are statistically significant. Meaning that product, price, advertising and place have an effect on sales of Derba Cement PLC.  $R^2 = .320$  is moderate indicating that the model is fitting well to the data which means 32 % of the variation in the dependent variable (Sales) was explained by the independent variables (product, price, promotion and place).

In addition to this, the correlation analysis and its result show a positive and significant association between the independent and dependent variable. All the independent variables (product, price, advertising and place) are found to be positively highly related with the dependent variable (sales). It is the place that is the most highly related with the sales ( $r = 0.487$  with  $p\text{-value} = 0.000$ ). Whereas the correlation between advertising, product and place are  $r = 0.396$  with  $p = 0.000$ ,  $r = 0.439$  with  $p = 0.000$ ,  $r = 0.270$  with  $p = 0.000$  respectively.

## 5.2. Conclusion

This research study is aimed at the effect of marketing mix on sales of Derba Cement PLC. The result of the study showed that customers' attitude about the products of Derba Cement PLC is very good. So that it can be concluded as the product qualities of Derba Cement are best for its customers.

The result of the study showed that customers' attitude about the price of Derba Cement PLC is very good. So that, it can be concluded as the price of Derba Cement is very good and the pricing may discourage some customers. Therefore, the high price can affect the company competitiveness in the market.

The result of the study showed that customers' attitude about the advertising of Derba Cement PLC is moderate. So that it, can be concluded as the promotion of Derba Cement are not extensively advertise its product properly to get, attract and influence the attitude of its customers towards the product. In addition to this the company advertise its product rarely and this is not enough in a market where there is high competition

The result of the study showed that customers' attitude about the place of Derba Cement PLC is very good. So that, it can be concluded as the place of Derba Cement is best for its customers to get their ordered products directly from the factory keeping the product safe.

The result of the study showed that factors which affect the sales of Derba Cement PLC are very good. So that, it can be concluded as product quality increment or reduction, selling price increment or reduction, due to advertising and on time product delivery or late delivery have an effect on the sales of Derba Cement PLC.

$R^2 = .320$  is very high indicating that the model is fitting well to the data which means 32% of the variation in the dependent variable (Sales) was explained by the independent variables (product, price, promotion and place).

According to the finding of this research the advertising (both broadcast and print media) is widely used by the company as a promotion tools where as public relation are not extensively used by the company .Therefore, the company concentrates more on advertising and other tools are not given due consideration .

Based on table 13, 14 and 15, the hypotheses test result of all alternative hypotheses ( $H_1$ ,  $H_2$ ,  $H_3$ ,  $H_4$  and  $H_5$ ) are accepted.

### **5.3. Recommendation**

- It is recommended that the company must write the manufacturing date own its product labeling. Because, it helps the customers to estimate or control the shelf time of the product.
- The company has to make continuous improvement on the product it produce because each time customers prefer to buy quality products.
- As the study shows the customer's attitude about the product is very good. Therefore, the company should keep its current product quality, product labeling, product package design and brand name to hold its customers and increase sales volume because of that.
- As the study shows the customer's attitude about the price is very good. Therefore, the company must keep its current pricing without increment. After looking the price movement of other competitors, the company should adjust its price accordingly without delay to stay in the competition and keep its sales volume.



- The company must give or start price discount for those who purchase large quantity and to increase customer intention to purchase their products hence increase in sales volume.
- As the study shows the customer's attitude about the advertising is moderate. Therefore, the company must improve its advertising strategy to retain its customers and employ promotion experts who have the ability and skills to promote properly.
- As the study shows the customer's attitude about the place is very good. Therefore, the company must keep on time product delivery and set distribution plan is realistic (achievable) to satisfy its customers and increase sales volume because of that.
- The company must add additional trucks to keep the on time product delivery and replace the old vehicles by new one.
- The company has to conduct market research to know the existing trends of competitors and to assess current customers' need and wants to serve customers accordingly

Finally, as the research shows the marketing mix of Derba Cement PLC has an effect on the sales of the company. Therefore, the company should maintain its current marketing mix strategy and tries to improve it to satisfy the customers of the company and increase sales because of that.

#### **5.4 Recommendation for Future Study**

This study has only focused the effect of marketing mix on the sales performance of Derba cement P.L.C. In Addis Ababa Ethiopia. The future study can be include customers who has purchased cement in all regions and how demographic factors effect on sales performance .Secondly, the study did not include measures of micro environmental factors so as to assess the exact role it would play therefore variables of the micro environmental factor can be used to test the outcome they bring about in sales performance of cement manufacturing companies.

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**St. Mar'y University**  
**School of Graduate Studies**  
**Department of Marketing Management**  
Questionnaire to be filled by the customers

Dear Respondents,

This questionnaire is designed to collect data about the effects of marketing mix elements for the sales of Derba Cement. The information that you offer me with this questionnaire used as a primary data in my research which I am conducting as a partial fulfillment of the requirements for the degree of Masters of Marketing Management at saint marry University. The study will be undertaken for academic purpose only and your responses are confidential.

Thank you in advance for your collaboration to filling the questioner making considerable sacrifices. If you have any question suggestion, comment please contact me through mobile number 0911-372375 Dereje Tadesse.

**General Instructions**

- ✓ Do not write your personal names on the questioner.
- ✓ Make your response in space provided by putting ( ✓ ) or (X) mark and write in brief in the space provided whenever necessary.
- ✓ The questionnaire consists two parts.

PART I. Demographic Information (please tick inside the given box)

1. Sex: Male  Female
2. Age: 18- 25 years  26-35  36-45  46-55  > 56
3. Your academic status:  
< Grade 12  Certificate  Diploma  Degree  Master and above
- 4 Derba Cement buying frequencies:  
1Time  2-5 Times  6-10 Times  More than 10 Times

**PART II THE EFFECT OF MARKETING MIX ELEMENT ON THE SALES PERFORMANCE OF DERBA CEMENT**

**General Instructions:** This questionnaire will be filled and returned back to the research's as far as possible from the date of distributing to responds. Please state your level of opinion for each given statement using the following scale

1= Strongly Disagree 2=Disagree 3=Neutral 4= Agree 5= Strongly Agree

Marketing mix elements

No	Descriptions/items	Strongly Disagree	Disagree	Neutral	Agree	Strongly agree	Total
PDT1a	The products qualities of Derba Cement are best to use						
PDT1b	The product labeling of Derba Cement is easily understandable and clearly stated						
PDT1c	The product package design of Derba Cement is attractive.						
PDT1d	The brand name of Derba Cement is highly memorable						
PDT1e	The product quality of Derba Cement is competitive than others						
PDT1f	The quality of Derba Cement has an effect on my purchase decision.						
PRC2a	The price of Derba Cement PLC is reasonable						
PRC2b	The price of Derba Cement PLC is competitive than others						
PRC2c	The price of Derba Cement PLC has an effect on my purchase decision						
PRC2d	The price of Derba Cement PLC is inconsistent						
PRC2e	The current price of Derba Cement PLC makes me to stay and continue my purchase decision.						
PRC2f	Derba Cement PLC takes long period of time to make price change						
ADV3a	I have encountered with the advertising of Derba Cement PLC						
ADV3b	The advertising of Derba Cement PLC is attract attention.						
ADV3c	The advertising of Derba Cement PLC gives companies a competitive edge						
ADV3d	The advertising of Derba Cement PLC creates awareness about the product by its promotion clearness.						
ADV3e	The advertising of Derba Cement PLC is repetitive and makes me familiar with the promotion.						

ADV3f	The advertising of Derba Cement PLC makes me convinced about the product.						
DTS4a	The transport service of Derba Cement is best to use.						
DTS4b	I am comfortable by the current product delivery time of Derba Cement PLC.						
DTS4c	The door to door delivery of Derba Cement PLC has an effect on my purchase decision.						
DTS4d	Derba Cement distribution and delivery service keeps the product safe						
DTS4e	Beside company's trucks, using customers' truck to load their own orders is best to use.						
DTS4f	Door to door delivery service of Derba Cement PLC save customers' time of searching trucks						
SSS5a	Due to Derba Cement PLC product quality increment, I have purchased more than I planned.						
SSS5b	Due to Derba Cement PLC product quality reduction, I have reduced more than I planned.						
SSS5c	Due to Derba Cement PLC selling price increment, I have reduced my purchase quantity than I planned.						
SSS5d	Because of Derba Cement PLC selling price reduction, I have purchased more than I planned.						
SSS5e	Due to the advertising of Derba Cement PLC, I have purchased more than I planned.						
SSS5f	Due to on time product delivery, I have purchased more than I planned						
SSS5g	Due to delay of product delivery time, I have reduced my purchase quantity than I planned.						

Thank you for your valuable time and cooperation.



# **St. MARY'S UNIVERSITY**

SCHOOL OF GERADUATE STUDIES

**THE EFFECT OF MARKETING MIX ON THE SALES PERFORMANCE OF DERBA CEMENT**

(The case of Derba Midroc Cement P.L.C)

**By: DEREJE TADESSE**

**Id No. SGS 0326/2010A**

**A Research Project Submitted to Partial Fulfillment of the Requirements for the Degree of  
Masters in Marketing Management (MBA)**

**Advisor Name: Mesfin Werkinah**

**(PhD)**

**June, 2019  
Addis Ababa, Ethiopia**