



**ST. MARY'S UNIVERSITY  
SCHOOL OF GRADUATE STUDIES  
DEPARTMENT OF MARKETING MANAGEMENT**

**THE EFFECT OF MARKETING STRATEGY ON MICRO AND SMALL  
ENTERPRISES SALES PERFORMANCE: EVIDENCE FROM SERVICE  
SECTOR IN ADDIS ABABA, IN THE CASE OF KIRKOS SUBCITY**

**BY: SEBLE HAILEMARIAM**

**ADVISOR: Dr. GETIE ANDUALEM**

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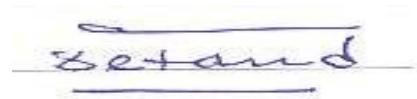
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**Research Advisor**

Getie Andualem (PhD)

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**Signature**



**External Examiner**

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**Internal Examiner**

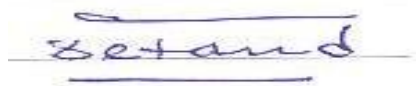
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## Statement of Certification

This is to certify that Seble Hailemariam has carried out her research work on the topic entitled “the Effect of Marketing Strategy on Micro and Small Enterprises Sales Performance: Evidence from Service Sector in Addis Ababa, in the case of Kirkos Sub city” is her original work and is suitable for submission for the award of Masters Degree in Marketing Management.

A handwritten signature in blue ink, appearing to read "Getie Andualem", is written over a horizontal line. The signature is centered and has a slightly cursive style.

---

GetieAndualem (PhD)

(Advisor)

June, 2020

## DECLARATION

I, undersigned declare that this thesis is my original work, prepared under the guidance of Getie Andualem (PhD). All sources of material used for the thesis have been duly acknowledged. I further confirm that the thesis has not been submitted either in part or in full in any other higher learning institutions for the purpose of earning any degree.

**Name:** SEBLE HAILEMARIAM

**Signature:** \_\_\_\_\_

**Date:** \_\_\_\_\_

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## **Acronyms**

**CGAAJCEDB:** City Government of Addis Ababa Job Creation and Enterprise Development Bureau

**ANOVA:** Analysis of Variance

**GTP:** Growth and Transformation Plan

**MSE:** Micro and Small Scale Enterprise

**SD:** Standard Deviation

**SMEs:** Small and Medium Scale Enterprises

**SPSS:** Statistical Package for Social Science

**7Ps:** Product, Price, Promotion, and Place, Process, People and Physical Evidence

## ***Abstract***

*Marketing strategies constitute one of the key functional strategies that Micro and Small Enterprises (MSEs) adopt to improve sales performance. This study is aimed to examine the effect of marketing strategy on MSEs sales performance in Kirkos Sub city. By taking the research objectives and questions into considerations, only quantitative research approach and explanatory research design were used. The study was delimited to proportionate stratified and purposive sampling techniques. Quantitative data was collected using a structured questionnaire which has been developed and distributed to a sample of 163 owners and/or managers of MSEs in Kirkos sub city . With a response rate of 80%, 131 questionnaires have been returned and were valid for data analysis. The quantitative data were analyzed by using both descriptive and inferential analysis. Except place all independent variables have the significant correlation with the dependent variable “sales performance. The multiple regression analysis indicated that, the independent variables are positive and significant effect on dependent variable, except product, place and promotion. The other 4 variables are significant predictor of sales performance of MSEs.*

***Key words:*** *Marketing Strategy, Service marketing Strategy, Product, Price, Promotion, Place, Process, People, and Physical evidence, Micro and Small Enterprises, Sales Performance.*

# **CHAPTER ONE**

## **1. Introduction**

### **1.1 Background of the Study**

The Micro and Small Enterprises sector is recognized as a tool in bringing about economic transition by means of successfully the use of skill and talents of the humans without requesting for high-level training, a lot capital and sophisticated technology, (Wolde&Geta, 2015). The sector is additionally described as the countrywide domestic of entrepreneurship, they are the major motors via which new entrepreneurs supply the economic system with a nonstop grant of ideas, skills, and innovations, (Katua, 2014).

Wolde and Geta (2015) study the fastest developing countries MSE through advantage of their size, location; capital funding and their capability to make contributions for city poverty reduction and generate higher employment have proved their effective impact for fast monetary growth.

It provides the ideal setting, enabling entrepreneurs to exercise their abilities to the full and get goals. In all the successful economy, they have considered as great springboard for growth, job creation, and social improvement at large. The MSE additionally viewed as a necessary pressure to generate employment and extra unbiased earnings distribution, to set off competition, exploit niche markets, increase productivity and technical change, and through all of these stimulate economic advancement.

From the standpoint of developing countries, MSE have a number of rewards that make them alluring in hastening economic development. Firstly, due to the fact MSE are fairly labor intensive and employment possibilities generated with comparatively low capital cost. Then, they apply raw materials and labor intensive technological know-how that are domestically available. Thirdly, policy and program can put in place to inspire the improvement of these industries in different components of a thereby concentration of enterprises in a certain areas and promotion balanced financial growth. Finally, manageable manufacturing capacity and their flexibility make

them appropriate to reply to current country wide demand and the confined dimension of the market in many growing countries (Fasika and Daniel 1997).

Within the Ethiopian context, notwithstanding the potential contribution of the MSE to poverty reduction and employment advent is broadly recognized, the Government till very recently had no longer extended adequate assist to the improvement of the sector. Research work by using (G. Gizbher & Ayenew, 2010) indicated that in Ethiopia there has not been an independent assessment of the contribution of the MSE improvement method to poverty reduction, job introduction and commercial business growth either at the federal or regional degrees to date.

## **1.2. Statement of the problem**

The last aim of any commercial enterprise is to be profitable and no hidden reality that the success or failure of any organization relies upon on its marketing strategies. Marketing is additionally a dynamic lesson, and now not simply caught at one point, its creating from time to time. So, entrepreneurs need to be in a position to altering market situation thru the primary controllable and tactical factors of marketing mix i.e. product, price, place, and promoting (Weldegebriel, 2011).

In most of the growing countries, the impact of marketing practice on the overall performance of small and medium businesses is one of the key troubles given that they are much less productive and they face many constraints (Davies H., 2004). But in many cases, they face the constraints of technological backwardness, lack of human aid skills, weak administration system, and entrepreneurial capabilities, unavailability of excellent and well timed information, inadequate use of statistics technology, etc. As a result, there exists a low degree of marketing system on the overall performance of small and medium enterprises.

In Ethiopia, in the context of SMEs, Assegedech (2004) has studied “Marketing Strategies for Micro and Small Enterprises” and her work recognized that the marketing issues such as lack of product diversity, pricing problems, lack of consciousness how to compete in the market, restricted commercial enterprise administration and salesmanship ability, restricted capability to promotional activities, and lack of market-related information are hindering the improvement of

MSE. However, her find out about didn't disclose the relationship between marketing strategy and performance.

The GTP II (2016) performance report stated that the sector is not performing up to the expectations of many stakeholders as it has been struggling from various issues mainly related to marketing their goods and services. This state of affairs has been of exquisite challenge to the government, population, operators, and practitioners. These challenges should be as an end result of perceived ineffective marketing strategy to tackle these troubles which can also have resulted negatively on the organization's performance, product quality, low customer satisfaction, inappropriate and expensive pricing, ineffective promotion and distribution strategies.

The City Government of Addis Ababa Job Creation and Enterprise Development Bureau (2011) stated that MSE has not developed as expected before. Because of many problems, like lack of market share, lack of producing quality of products, lack of adequate market research, lack of technology improvement, lack of skill, lack of solving problems with effective ways, and lack of solving their market problems with their own efforts.

In this study emphasis about the effect of marketing strategy on micro and small enterprises sales performance in kirkos sub city service sector enterprises.

### **1.3. Research Questions**

Based on the trouble announcement noted above and literature reviewed, the main query of the find out about includes:-

- To what extent the product strategy effects on the sales performance of MSEs?
- To what extent the price strategy effects on the sales performance of MSEs?
- To what extent the place strategy effects on the sales performance of MSEs?
- To what extent the promotion strategy effects on the sales performance of MSEs?
- To what extent the process strategy effects on the sales performance of MSEs?
- To what extent the people strategy effects on the sales performance of MSEs?
- To what extent the physical evidence strategy effects on the sales performance of MSEs?

## **1.4. General Objective**

### **1.4.1. The General Objective the study**

- The general objective of the study about is to pick out the effect of marketing strategy on MSE sales performance.

### **1.4.2. The Specific Objectives of the study**

- To determine to what extent product strategy effects on the sales performance of MSEs.
- To determine to what extent price strategy effects on the sales performance of MSEs.
- To determine to what extent place strategy effects on the sales performance of MSEs.
- To determine to what extent promotion strategy effects on the sales performance of MSEs.
- To determine to what extent process strategy effects on the sales performance of MSEs.
- To determine to what extent people strategy effects on the sales performance of MSEs.
- To determine to what extent physical evidence strategy effects on the sales performance of MSEs.

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

Micro and Small Enterprises (MSEs) is pressure to sustained monetary increase and job advent sector. To increase the sales performance of the MSEs, it is important to observe their marketing strategy. The end result of this study is beneficial to MSEs, academicians, Stakeholder and researcher who are focusing on the sales performance of MSE. This study is beneficial for policy maker for MSE on how to formulate the marketing strategy and additionally helpful for upgrading the rules of MSE.

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

This research delimited by methodologically, thus attempt to study the effect of marketing strategy (product, price, place promotion, process, people, physical evidence) on Micro and Small Enterprises sales performance. The performance of MSEs was evaluated only from the perspective of sales performance. The study was focused on registered in the Kirkos Sub City Micro and Small Enterprises that engaged in Service Sector. By taking the research targets, respondents and questions into considerations, the study was tried to appoint only quantitative

research design. As the sampling design, the study was tried to employ explanatory research design. The sampling technique was delimited to proportionate Stratified and purposive sampling techniques. To do this study, primary and secondary data was used. In order to gather the data, self-administrated questionnaire was used. The sample population of the study was taking from Kirkos sub city MSEs Service sector owner/manager which was limited to 163 from the total population of 275 MSEs Service enterprises.

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

The first drawback of the study is tough to generalize the findings of the research to the others sub city. Additionally, some respondent were not willing to fill the questionnaire. The Corona virus also another challenges to distribute and collect questionnaires. Because of it makes contact with many people and instruments. This limits the results of the research.

### **1.8. Definition of Terminologies**

**Marketing:** is the process of planning and executing the conception, pricing, promotion and distribution of ideas, goods and services to create exchanges that satisfy individual and organizational goals (Kotler, 2002).

**Strategy:** is the direction and scope of an organization over the long term, which matches its resources to its changing environment, and particular to its markets, customers and clients to meet stakeholder expectations (Johnson and Scholes, 1993).

**Marketing Strategy:** is a set of integrated decision and actions by which a business expects to achieve it marketing objectives and meet the value requirements of its customers. (Slater and Olson ,2001)

**Service Marketing mix elements:** the set of marketing tools product, price, Placement, promotion, process, people, and physical evidence that the firm blends to produce and response it needs in the target market. (Kotler and Armstrong, 2012).



**Product:** A product is anything that can be offered to market for attention or consumption that satisfies need and/or wants of customers. (Kotler and Armstrong, 2012).

**Price:** Price is the amount of money charged for goods or service, or the sum of the values that consumers exchange for the benefits of having or using the product or service (Kotler and Armstrong, 2012).

**Promotion:** The complete mix of advertising, personal selling, sales promotion and public relations that accompany uses to follow its marketing objectives. (Kotler and Armstrong, 2012).

**Placement:** The distribution strategy is to provide effective Placement convenience for the customers to avail goods and services. It is related to the distribution outline, channel management, and retailer network of the telecom service providers. (Sabu, 2014)

**Process:** The actual procedures, mechanisms, and flow of activities by which the service is delivered to the customer (Sabu,2014)

**People:** All human elements involved in service delivery or service assurance influence the buyer's perceptions (Sabu, 2014)

**Physical evidence:** is the environment in which the service is delivered and where the firm and customer interact, and any tangible components that facilitate performance or communication of the service. (Sabu, 2014)

## **1.9. Organization of the study**

The thesis is form into 5 chapters as indicated below.

### **➤ Chapter One: Introduction**

The first chapter introduces the background of the study, statement of the problem, research questions, objectives of the study, significance of the study Delimitation / scope of the study, limitations of the study and definition phrases are presented.

➤ **Chapter Two: Review of Related Literature**

This chapter offers with the evaluation of present literature to throw greater light on the principles which consists of the theoretical, empirical, hypothesis and conceptual frame work with regards to the subject of the study.

➤ **Chapter Three: Research Methodology**

This chapter offers the data about the techniques used in the thesis to provide answer for the research questions. The methodology illustrates research approach, research design, data analysis instrument, statistics evaluation method, validity &reliability, and research ethics.

➤ **Chapter Four: Data Presentation, Analysis, and Interpretation**

This chapter presents the statistics on facts presentation, analysis, Interpretation, and discussion of the findings of the study.

➤ **Chapter Five: Summary, Conclusions, and Recommendations**

This chapter presents with the summary, conclusions, and guidelines of the discovering of the study.

## **CHAPTER TWO**

### **RELATED LITRATURE REVIEW**

#### **2. Introduction**

This chapter presents reviews of related literature regarding marketing strategy which provides an insight into the area of the study. In this chapter the theoretical and empirical research results were critically reviewed, knowledge gap that has to be addressed in this study were identified and finally conceptual frame work and hypothesis were proposed.

#### **2.1. Theoretical Review**

##### **2.1.1. What is strategy?**

A strategy is a plan that integrates organization's major goals, policies, decisions and sequences of action into consist whole (Tony Proctor, 2000). It is the process of analyzing the environment and designing the fit between the organizations resources and it's objectives. Strategy can be applied at all levels and any functional areas of management in a given organization. In an organization there will be different types of strategy. Like production, financial, marketing, personnel and corporate strategies, e.t.c.

### **2.1.2. Levels of strategy**

Every firm has to formulate strategy. According to Rex C. Mitchell (2007), there are three levels of strategy.

*Corporate Level Strategy:* In this level of strategy, organizations focused to the total organization's scope and direction. It is the grand strategy that comprises the overall strategy elements for the corporation as a whole. It deals basically with what changes should be made in our growth objective and strategy for achieving it, the lines of business we are in, and how these lines of business fit together.

*Competitive Strategy* (often called Business Level Strategy): This involves deciding how the company will compete within each line of business (LOB) or strategic business unit (SBU).

*Functional Strategy:* These more localized and shorter-horizon strategies deal with how each functional area and unit will carry out its functional activities to be effective and maximize resource productivity.

### **2.1.3. Definitions of Marketing Strategy**

Since Marketing strategy is a broad concept, it defined by different authors in different ways. For instance, Drucker (1973) defined Strategic marketing as a process consists of analyzing environmental, market competitive and business factors that affecting the corporation and its business units, identifying market opportunities and threats and forecasting future trends in business areas of interest for the enterprise, and participating in setting objectives and formulating corporate and business unit strategies.

Kotler (1990) defined it as the broad principles by which the business unit expects to achieve its marketing objectives. Bovee&Thil (1992) by their part defined Marketing strategy as the overall plan for choosing a target and succeeding within it through product, pricing, distribution and promotional choices. Slater and Olson (2001) also defining Marketing strategy as it concerned with decisions relating to market segmentation and targeting, and the development of positioning strategy based on product, price, distribution, and promotion decisions.

Varadarajan (2009) by his part defined Marketing strategy as an organization's integrated pattern of decisions that specify its crucial choices concerning marketing activities and marketing resources in the creation, communication and/or delivery of products that offer value to customers in exchanges with the organization and thereby enables the organization to achieve specific objectives.

#### **2.1.4. Services marketing strategy**

*Services marketing strategy* focuses on delivering processes, experiences, and intangibles to customers rather than physical goods and dealings (transactions). It involves put together a focus on the customers all the way through the firm and across all functions. All business functions – marketing, selling, human resources, operations, and R&D – must work together to create effective services market strategy. Rather than the normal goods marketing center on contact and exchange, services marketing strategy is focused on the customer, usage, and relations (Vargo and Lusch, 2004a).

Services, which can be distinct(separate) as *deeds, processes, and performances*, fall into several categories. Many services, such as hotels, shipping, and health care, are offerings themselves and are the main revenue-producing dealings of the firm. Another type of service is customer service, which includes the service provided in carry of a company's core goods/ services. Typically, customer service does not in a straight line produce income but rather addresses customer requests, questions, and complaints, besides providing answers and solutions. Service can also be a value-add for manufactured products – several companies provides training, installation, and repair services for the goods they make – often for a fee. Finally, lots of services are resulting from or are provided by manufactured products such as cell phones, computers, software, and mobile phones. In early writings on services, scholars well-known services from goods by noting that they were intangible, perishable, variable(changeable),and that the producer and customer were always together. Recently, it has been recommended that these unique characteristics should not be viewed as unique to services but that they are also relevant to goods, that “all products are services,” and that “financial exchange is fundamentally about service provision” (Vargo and Lusch, 2004b). Although this view is rather abstract, it does advise that all types of organization can gain imperative insights from services marketing frameworks, tools, and strategies.

## **2.1.5. Approaches to Marketing Strategy Analysis**

### **2.1.5.1. The Rational Planning Approach**

It is a formal strategic planning process that used as a mechanism to create a successful strategy. According to McDonald (1996), it is just market planning or strategic marketing planning. The aim of strategic market planning is to create a competitive advantage over rival firms. Michael Porter (1985) presents two types of marketing strategies that can be achieved competitive advantage, that is cost leadership and differentiation strategies. Porter's classification gives us four strategic alternatives that could leads to apply whether in a single market segment or the whole market. These are cost leadership, Differentiation, differentiation focus and cost focus. Porter (1980) was also classifying competitive environment into his five forces. These are Competitive rivalry, power of buyers, power of suppliers, threat of new entrants and threat from substitutes. Porter also adheres(stick) with Ansoff (1965) that advocate a serious of logical & sequential steps through which companies can arrive at their best strategy. these logical steps are: Primarily, external audit examining both the competitive environment and the wider macro environment to identify key opportunities and threats, then an internal audit Examining the differential strengths and weaknesses of the organization compared to key competitors then performing SWOT analysis (strengths, weaknesses, opportunities and threats), then Identifying strategic alternatives, Evaluating strategic alternatives, testing the different possible strategies for their efficacy in achieving the organization's goals (which may be as conceptually simple as maximizing long-term shareholder value (Doyle, 2000), Implementing the strategy through the budgeting and operational planning systems, and finally, control through a monitoring mechanism.

### **2.1.5.2. The Resource-Based View**

The resource-based view of competitive advantage is another approach to marketing strategy. It works on the assumptions that firms are heterogeneous in terms of their control of important strategic resources and that resources are not perfectly portable between firms. According to Barney (2001), strengths that firms can use to consider and implement their strategy are called firms resource.

Firms Resources can be categorized in different ways. These are physical capital resources (include physical technology, plant and equipment, geographic location and access to raw materials), human capital resources(include the training, experience, judgment, intelligence, relationships and insight of the individual managers and workers of the firm) and organizational capital resources(include the formal reporting structure, the formal and informal planning, controlling and coordinating systems, the informal relations among groups within a firm, and those between a firm and other agents in the firm's environment.).

Jay Barney (2001) states that competitive advantage that a given firm can implement independently a value crating strategy not simultaneously being implemented by any firm whether it is existing or potential competitor and when these other firms are unable to duplicate the benefits of this strategy is said to be a sustained competitive advantage.

A sustained competitive advantage protects the firm not only against other firms considering a competitive market entry but also providing border over firms already exist in the market. Barney clearly states that a sustained competitive advantage merely defined in terms of a specific period of calendar time; rather a sustained competitive advantage is one that cannot be reversed through the efforts of competing firms to duplicate it. A sustained competitive advantage will continue until some structural change takes place in the industry that makes it irrelevant.

To sum up the aforementioned concepts, the fundamental difference between the two approaches is the difference perspective on internal and external environment. That means: in the case of rational planning approach the main focus is concentrated on external environment and assumes that resources can be acquired and deployed to respond to environmental imperatives. In the case of resource based view on the contrary the focus is given to the internal environment in which one's company can only build a sustained competitive advantage if and only if it controls physical, human or organizational assets that are invaluable, exceptional, unique and non-substitutable.

### **2.1.6. Marketing Competencies**

According to Davidson (1997), marketing competence is a part of organizational capabilities that represent the aggregation of firm-wide technologies and skills into a logical thrust that makes a firm unique to the target market and also competitively superior. It determined whether well or poorly firms are performing their specific marketing related activities as compared to their competitors. Unique marketing competencies become the desire of an organization relative to both the target market and the competition.

Latest studies revealed that firms can increase their competitiveness in the market only by coordinating functional area competencies (Hunt and Morgan, 1995; Kohli and Jaworski, 1990; Narver and Slater, 1990). According to Porter (2004), there are two market competency concepts. These are market orientation and resource-based view of the firm. Market orientation is central to marketing. Market oriented firms involved on:

- a. understanding existing and potential customer needs is fundamental to providing superior customer value;
- b. systematic collection and sharing of information regarding existing and potential customers, competitors and also other related constituencies; and
- c. develop priority to respond to changing customer needs and competitor activities in order to exploit opportunities and Minimize threats.

#### **2.1.6.1. Marketing Resources**

The resource-based theory is based on the premises that resource gives competitive advantage to a given firm through superior performance. Amit and Schoemaker (1993) define resources as stocks of available factors such as knowhow, financial or physical assets, and human capital, and capabilities as firm's capacity to deploy resources. Marketing resources include all assets, capabilities, organizational processes, firm attributes, information, knowledge, e.t.c. that are controlled by a given firm that enable the firm to lead, plan and implement strategies that improve its efficiency and effectiveness. Daft (1983).



Barney (1997) categorizes firm resources into four components. These are financial capital (all different Financial resources that a firm can use to conceive of and implement strategies); physical capital (plant, equipment, geographic location, access to raw materials, distribution network, and technology); human capital (training experience, intelligence, relationship and insight of individual managers and workers); and organizational resources (planning coordinating systems, culture and reputation).

The resource-based theory fundamentally throws more light on how small and Medium Enterprises in a given industry perform better than the other. It focuses on the internal resources of the Small and Medium Enterprises in developing its marketing strategies to achieve a continuous competitive advantage in its markets and industry. The philosophy explains that all resources of the Small and Medium Enterprises are important get a competitive advantage. In order to have a sustainable competitive advantage, these resources must be valuable, inimitable and non-transferable. This implies that having unique resources and capabilities make a differences in the performance of Small and Medium Enterprises. Small and Medium Enterprises have to integrate different sets of resources in order to achieve a competitive advantage. According to Barney (2009) each Small and Medium Enterprises have to possesses differences and capabilities and the way the Small and Medium Enterprises acquires, develops, maintains, bundles and applies these resources leads to superior performance thereby having a competitive advantage over time. Hunt and Derozier (2004) explain that Small and Medium Enterprises resources are tangible and external assets. Tangible asset are physical resources which can be seen and evaluated. These include plant, equipment, land, stocks, financial (debtor, creditor, cash in hand and bank). External resources also include plant, equipment, land, stocks, financial (debtor, creditors, cash in hand and bank). External resources also include relationships with and knowledge acquired through suppliers and customers, competitors and institutions like universities.

#### **a. Internal Resources**

Small and Medium Enterprises tangible and intangible resources constitutes their strategic resources and it enable them to outperform their competitors (Barney, 2001). The resource-based view is focused on the philosophy that internal resources enable firms to get competitive

advantage through superior performance. A lot of empirical studies explore the relation between internal resource of Small and Medium Enterprises and their performance. According to Barney (1986), internal resources of Small and Medium Enterprises are more likely to be sources of economic rents than the resource required from external resource.

#### **b. External Resources**

The dynamic and complexity of the external environment are pushing Small and Medium Enterprises not to depend only on their internal resources for competitive advantage. As noted by Alvarez and Barney (2007) and Dyer and Singh (1998), one of the key strategic challenges of Small and Medium Enterprises is that they hardly possess all the necessary resources to grasp rapidly emerging market opportunities. Therefore, small and medium create value from the combination of both their internal and external resources (Dyer and Singh, 1998). Latest studies on the marketing strategies argued that Small and Medium Enterprises performance are influenced by external resources acquired through competitors, suppliers, customers, consultants, research institutions, alliances and acquisition.

#### **2.1.7. Marketing Strategy Models**

According to Hambrick & Schechter (1983), every practitioners or theoreticians need evidence for analysis of the current status of the company in order to explain reasons for poor performance of the organization for developing a competitive marketing strategy. It helps to analyze market information facilitating quicker adaptation to changes.

Many authors have establish various marketing strategy models that take an iterative cyclic path starting from the formulation of mission, vision and objective, analysis of the internal and external environment of the business , formulation strategy and finally implementation of the strategy. There are different strategy formulation models. For instance Porter.s five forces model, Boston Consultancy Group (BCG) matrix, General Electric (GE) /McKinsey matrix, Ansoff Matrix, Strength Weakness Opportunity Threat (SWOT) analysis and McCarthy.s marketing mix model for initial analysis of the business.

In the process of marketing strategy, considerable emphasis has to be given objectives and strategy that should be realistic, obtainable, and based firmly on corporate capability. Porter (1980) has introduced three generic types of strategy. These are overall cost leadership, differentiation, and focus. He provides a meaningful basis for strategic thinking and gives emphasis to the need for the strategist to identify a clear and meaningful selling proposition for the company. In other words, what is our competitive position, and what do we stand for in the eyes of our customers? Any failure on the part of the strategist to identify and communicate the selling proposition and strategy is. He suggests, likely leading to intensity of the offer and to the company ending up as stuck in the middle or, as it appears, a middle-of-the road heading into the marketing wilderness.

### **2.1.7.1. Porter's Three Generic Competitive Strategies**

#### **2.1.7.1.1. Cost Leadership Strategy**

A Cost Leadership Strategy is one in which a firm strives to have the lowest prices in the industry and offer its products or services in a large market at the lowest expenses (David, 2011). Characteristics of Cost Leadership Strategy include, low stage differentiation, aim for average customer, use of expertise gained from past production to lower manufacturing costs, and the addition of new product points solely after the market demands them (Grant, 2000). Cost leadership approach is advantageous: it protects the organization from new entrants due to the fact a rate reduction can be used to shield it from new entrants (Dess and Davis, 1984).

According to Porter (2008) a company can set its prices above the enterprise average expenditures of its rivals so that it can be able to generate earnings for itself or on it can set expenditures lower than the other competitors in that industry so that they can be able to keep or expand their market share. In case of a price hostilities a company can still be in a position to earn a margin whilst the rival companies continue to suffer losses but in the absence of a price fight and the industry is at its maturity stage. McCracken (2012) recognized approaches through which companies can have coast advantage such as getting access to a massive supply of

affordable materials, making best outsourcing and vertical integration decisions, or averting some fees altogether (Reilly, 2012). However, competing companies can nevertheless maintain a competitive advantage through cost leadership if these firms fail to decrease cost to the same degree (Porter, 2004). According to Porter (2010), for a company to be able to put in force cost leadership strategy correctly need to have the following inside strengths: get access to the capital required to make a substantial investment in manufacturing assets; this funding affords a barrier to entry that many corporations may also no longer overcome, skill in designing products for environment friendly manufacturing, for example, having a small thing rely to shorten the assembly process, high level of expertise in manufacturing technique engineering, and environment friendly distribution channels (McCracken, 2012).

However, the hazard of price management is that opponents may reap from the technology, nullifying the companies gathered value savings (Porter, 2008). Provisions of purchaser fee have to be a commercial enterprises foremost strategic purpose and must be supported by the agency pinnacle administration (Porter, 2008). The pinnacle administration ought to build and keep inside and exterior relationships with its customers (Amit and Schoemaker, 2008). By doing so, it enhances productiveness and its image (Grant, 2013).

#### **2.1.7.1.2. Differentiation Strategies**

Differentiation is one of Porter's key commercial enterprise strategies (Reilly, 2012). When applying this strategy, a corporation focuses its efforts on offering a special product or service. Since, the product or provider is unique; this method gives high consumer loyalty. By differentiating a product the customer expectations are achieved (Stone, 2005). To achieve profitable differentiation method corporations ensures that product quality, look or after sale provider are in a position to meet the patron requirements. A company should additionally think about other techniques such as optimal provider to its clients, its distribution capabilities or device of transport (Porter, 2006).

Differentiation takes various forms such as the usage of concentric diversification the place strategy requires similarity in technological know-how between two firms but a change in the marketing diagram between the two enterprise entities (Ramirez, 2005). This capacity association is in a position to take advantage of its technological understanding to stay competitive. From this synergy is accomplished in the shape of complementary marketing, financial, working or administration efforts (Thomson and Pedersen, 2010). Another structure of differentiation is via horizontal diversification where a company enters a new commercial enterprise (either related or unrelated) at the equal stage of manufacturing as its cutting-edge operations (Lins and Servaes, 2012). This kind of strategy tends to be gain in a market that is highly aggressive and association has massive loyal clients. The different form of differentiation is via the usage of firm diversification where a firm includes a vary of merchandise that have no technological or business synergy with the current merchandise but which may additionally appeal to new consumers to the commercial enterprise (Fisman and Khanna, 2014).

#### **2.1.7.1.3. Cost Focus Strategies**

In the focal point strategy, a firm pursuits an exacting section of the market (Bauer and Colgan, 2011; Hyatt, 2011). The association can select to focus on a selected consumer group, product range, geographical area, or provider line in order to expand its market share (Davidow and Uttal, 2009). Market penetration or market improvement can be an essential focus method (Stock, 2009). Focus techniques work properly when customers have distinctive preferences and when the rival companies have no pastime in that specific market (Davidow and Uttal, 2009).

The focuser's groundwork for aggressive benefit is both lower costs than rivals serving that market segment or capacity to offer niche individuals something special from rivals (Stock, 2009). Focusing is primarily based on choosing a market area of interest the place buyers have extraordinary preferences (Porter, 2010). The area of interest is defined via geographical uniqueness, specialized necessities in the usage of the product or by means of distinctive attributes that enchantment to participants (Stone, 2005).

### **2.1.8. Dimensions of Marketing Strategy**

A profitable marketing strategy depends upon addressing a quantity of questions; whom the company is going to target, what the company is going to produce, how much is the price to be charged, how the product is delivered, how the enterprise is going to promote their product etc. Therefore, in order to achieve the marketing objectives, we want to have method that consists of extraordinary elements. Here there are seven fundamental elements that are used in the literature to give an explanation for the details of marketing strategy. It is Product, Price, place, Promotion, process, people and physical evidence.

### **2.1.9. Elements of Service Marketing Mix Strategies**

#### **1. Product Strategy**

A product is a range of goods and/or services a corporation offer client and commercial enterprise users. The product mix is a combination of product lines and individual offerings that make up the product line. It is frequent to see product mixes undergoing changes. It is frequently driven by means of the hobby of entrepreneurs to continue to be ready in the market area which continually pushes them to seem for gaps in their offering and fill them with new merchandise or modified versions of present ones.

Edmund (2014) assert similarly, that it is as a result essential to understand and apprehend the customer's needs and wants when selecting the products for the business. It is additionally vital to think about the life-cycle of the product in relation to the kind of customers the business is targeting. Consumers who are modernizers and innovators will most likely be fascinated in the modern day merchandise whereas shoppers who are late adopters will choose for to purchase a product solely after their friends have endorsed it.

Leonidou (2002) have studied about the marketing strategy and through this, they identified that product design, brand mix (name, sign, symbol, and design), warranty, customer service as pre-

and after-sales services, and product benefits (such as luxury, prestige, and quality) are variable of product marketing strategy.

Gronroos (2000) argued that notwithstanding the customers' choice towards greater high-quality in established particularly of the technical quality, the marketers of a product or provider ought to now not neglect that the pursuit of satisfactory wants no longer to be achieved at the fee of different carrier great attributes Small Business Development Corporation [SBDC], 2011) cited that Products contain the following characteristics:

### **Product attributes**

Quality – the major tool in positioning our product. It encompasses two key elements: 1) quality level- how it is made or perceived, and 2) quality consistency - how it performs over its life.

Features – the physical or inherent characteristics of our product that contribute to the benefits it offers design – a mixture of how the product appears and how it performs.

Branding - A brand is a name, term, sign, symbol or design, or a combination of these factors that identifies the maker or seller of a product or service. Branding is an essential part of a product and contributes to its character and perceived value.

Packaging - Packaging comprises the wrapper or container for your product. It serves to protect the product, ensuring it reaches the purchaser in good circumstance and additionally it contains the character of the brand and important information.

Labeling - Labeling accommodates all the written information about the product and typically takes the structure of an adhesive sticker, a tie-on tag or a printed piece of packaging.

## **2. Price Strategy**

According to (Kotler, 2005), price is the quantity of money charged for a goods/service or the complete values that consumers exchange for the benefits of having or the usage of the product or service. Each product or service should have a price it is bought to user, customer or end consumer.

Price performs a major function in the buyer's mind, in particular price sensitive customers depending on the product or service offered, the rate can be set for one price to all, or modified according to the company's selections and pricing strategy. Depending on the measurement of the company, the decision maker for the fee varies. In small companies, it is frequently the boss who units the prices; in large companies, it can be completed with the aid of product-line managers, with top administration placing fee objectives and insurance policies and then making the last call (Kotler and Keller, 2009).

The pricing nowadays is fast altering and price wars occur. The groups that only sell with charge may face main difficulties with lost profits. Instead of selling primarily based on price, groups should promote based on fee by means of justifying the fee to the client with larger benefits received. The business enterprise ought to appear at the complete marketing mix when deciding on prices. If the product positioning is primarily based on non-price factors then quality, promotion, and distribution affect the price. If the positioning is based on price, selections on different marketing mix elements are strongly affected (Kotler, 2005, pp. 664-665). Among the real and manageable customers, the charge of the product should be agreed. Too excessive or low the price influences the extent sold, then again on one-of-a-kind target segments and the purchasing strength of the customer, the pricing may additionally fluctuate and still be well-known inside the segments. Both production and advertising prices affect the remaining fee of a product. The charge in the eyes of the consumer is also constructed on the picture that marketing has created (Rope, 2005).



According to Shaw (2011) there are generic approach in the direction of deciding pricing which are additionally known as the 3 C's: customer (or demand), competitor, and (cost oriented pricing).

- 1) Customer/demand oriented pricing, is when the clients are charged the best possible charge that each phase will pay, typically phrased: "what the traffic will bear." Price skimming is an example of demand oriented pricing. With skimming a high charge is charged initially. After those who are inclined to pay the most really buy the product and sales start to stage off, the rate is lowered to the subsequent segment, and the manner is repeated.
- 2) Competitor oriented pricing is especially common in industries recognized as oligopolies. If a firm charges a higher rate than competitors, no one buys from them.
- 3) Cost oriented pricing relates the fee to cost. This approach is specifically famous in wholesaling and retailing the place general markup is common, such as "keystone" pricing using one hundred percentage markup above cost. (Shaw, 2011).

### **3. Promotion Strategy**

Marketing communications additionally known as marketing mix, which includes the a number of communication methods such as advertising, personal selling, sales promotion, and public relations/product publicity handy to marketer is blended to achieve targeting audiences in an attempt to influence attitudes and behaviors. The remaining response, of course, is purchase and satisfaction. Therefore, the company communicates with its customers, intermediaries and the public (Kotler, 2005, pp. 719).

There can be viewed a shift in the existing marketing communication developments compared to the past-marketers are moving from mass advertising to building closer relationships with customers because of more fragmented markets and good sized upgrades in statistics technologies. With new technologies and greater information, handy entrepreneurs are capable to utterly tune client wishes and enhance well-focused marketing applications (Kotler, 2005).

#### **4. Placement Strategy**

Producing, pricing and promotion the product may also no longer count for a great deal unless the organization is in a position to supply choicest price to the customer, and accordingly in reality reaching its market. To warranty availability the product must be delivered at the right time, at great quantity and at the proper place for the client (Kotler, 2005).

In general, there are two essential sorts of place strategy. Push and pull strategy. A push strategy uses a company's sales force and change merchandising things to do to create customer demand for a product. The promoting process is the product producer promoting the product to wholesalers, the wholesalers promoting it to retailers, and finally, the outlets promotion it to consumers. On the other hand, a pull strategy requires excessive spending on advertising and customer promotion to build up patron demand for a product. If the approach is successful, purchaser will ask their retailers to order the product, the outlets will order the product from the wholesalers, and in the end the wholesalers will order it from the product producer (Harrel, G. D. and Frazier G.L., 1999).

#### **5. Process**

Sabu (2014) defines process as the real procedures, mechanisms, and glide of things to do by means of which the carrier is delivered. The proper procedures, mechanisms, and glide of things to do by means of which the service is delivered are termed as process. According to Zeithaml (2003), the process dimension in the service marketing mix refers to the approaches of offering the services and this consist of the methods regarding the making inquiry about the carrier to the post-purchase behaviors such as complaint-making or giving feedback. Zairi (2000) pointed out that the customers' delight can be improved by means of imparting the better accessibility to the provider and these uncertainties with the use of environment friendly and wonderful method of service offerings to make the manner user-friendly.

## **6. People**

People dimension in the service marketing mix refers to these individuals who involve in the carrier shipping (Zeithaml, 2003). According to Gronroos (2007), the service offering personnel's appearances, their education level, the interpersonal behavior, and skillful service provider transfers widespread influence on the customers' perceived nice and satisfaction. Kim et al (2004) pointed out that the technology-based services like cell network services, clients have to count number on the suggestions and advices of the service imparting employees and the relationship between these two events have great have an effect on the customers' satisfaction.

## **7. Physical Evidence**

Lovelock and Wirtz (2011) asserted that the tangible dimension of Parasuraman et al. (1991) is intently associated to the physical evidence dimension of the marketing mix as the clients generally sees the tangibles such as office buildings, the design of the servers, and the physical appearances of the service imparting employees.

According to Sabutey et al. (2014), the physical evidence for the mobile network service carriers includes the community towers, the office building, the stipulations of retail house and the provider criticism facilities also appreciably affect the customers' perception and this can stimulate a unique buying behavior.

### **2.2.10. Sales Performance**

Performance, as a concept, lack of agreement on a definition creates confusion and certainly limits the possible for well-known stability and comparability of research in this region (Franco-Santos,2007). The business dictionary however defines overall performance as the accomplishment of a given assignment measured against preset recognized standards of accuracy, completeness, cost, and speed.

According Molly (2013) to accurately determine how well an enterprise is performing; one needs to increase some quantifiable measures through figuring out these factors of the enterprise tactics

that need improvement and those that are working well. This can then be used to consider the company's productiveness over a set length of time.

The U.K based firm, Kellerton Consulting (2013) has discovered that overall performance administration be at ensuring that as lot information and selection making as feasible is geared towards improving overall performance in line with the organization's dreams and strategy. Kellerton's definition of performance administration is an extensive one and comprises a quantity of other disciplines that can help an employer to harvest the desired product.

In general, the literature on performance published that there is neither one single criterion nor a set of standards approved between marketing strategy scholars for the overall performance evaluation (Venkatraman and Ramanujam, 1986). Performance can be determined in a number of ways such as economic performance, market performance, purchaser performance or common performance.

In this study the performance of MSEs measures only the perspective of sales performance.

## **2.2. Empirical Literature Review**

Kisaka (2012) studied the relationship between marketing strategy and performance of saving society in Mombasa district. The study used a descriptive research layout to evaluate the effects of marketing strategy on the overall performance. The target population constituted the chief executive office, the marketing manager, and the loan manager. A census population of 84 respondents was considered in this study. The findings of the find out about revealed a causal relationship between marketing strategy and performance of SACCO's. Most of these groups pursue strategies like product differentiation, area of interest marketing and marketing as they continue to be perceived the cheapest in the market in terms of cost.

Kiprotich (2012), did study on the consequences of 4ps marketing mix on the sales performance of automobile fuels of chosen carrier stations in Nakuru town. The 4p's notably influencing oil

marketer's performance. Each of the elements, however, incorporates a special contribution to the sales performance of automotive fuels in the selected stations in Nakuru town.

Smile Dzisi and Daniel Ofori (2014), studied on Marketing Strategies and the Performance of SMEs in Ghana. The standard consequences suggest that strategic marketing are drivers of organizational positioning in a dynamic environment, and that it helps to decorate the improvement of new product/service for existing markets. The findings of the study additionally suggest that none of the strategies (traditional and non-traditional) is higher than the other; finding the proper mix of both media can create the excellent communication/marketing method for the SMEs.

The study revealed that there is a high value of relationship between marketing strategies and the overall performance of SMEs in Ghana. Traditional marketing strategies are on the other hand greater related to the performance of SMEs than non – traditional marketing strategies. This shows that the SMEs mainly use typical shape of advertising – by and large TV and radio, newspaper and magazine, banners and billboards and branded belonging to appeal to the interest of prospective customers.

(Paul Mburu Njoroge 2015) Studied that the Marketing Strategy and The Performance of Small and medium Enterprises in Matuu Town, Machakos, Kenya. Based on the study findings was concludes that marketing strategies have an impact on the performance of Small and medium businesses in Matuu town, Machakos County, Kenya. In addition, the study concludes that consumer relationship administration strategies have an effect on the overall performance of SMEs. The research additionally concludes that revolutionary marketing strategy influence the performance of SMEs as a result they are useful adopting than the use of ordinary marketing strategies. Further, as per the study discovering the study concludes that technological know-how primarily based marketing techniques primarily the use of social sites and online marketing influence the performance, enhance communication and the picture of SMEs. Finally, the study concluded that the marketing strategy influences overall performance and marketing strategies lead to overall performance of small and medium enterprises.

Diabate Ardjouman & Benzazoua Asma (2015), did study on “Marketing Management Strategy Affect Performance of Small and Medium Enterprises (SMEs) in Cote d’Ivoire” According to their study referred to that globalization factors and different external techniques to the SMEs such as incentives, legislation and policy issues, and infrastructure had very high effects on the marketing management strategies and structures of SMEs. The studies conclude that the planning feature is properly applied. However, the managers marked that assets would be required in order to put in force the strategies.

Ebitu (2016) did study marketing strategies and the performance of the agency in AkwaIbom state Nigeria. The study was stimulated by means of the reality that SME in AkwaIbom country discovers them in aggressive and may also now not recognize which marketing strategy is wonderful in improving their enterprise performance. The study adopted the survey method. Two hundred forty questionnaires had been issued to SME in three senatorial districts of the state. The study written that there is a good dimension has an impact on product outstanding system and marketing strategies on profitability and increased market share of SMEs in AkwaIbom.

M. S. Ishar Ali and Mubarak Kaldeen (Journal of Tourism Economics and Applied Research, 2017, Volume I, No. 1.). This study was designed to observe the impact of marketing mix variables of tourists’ hotels on their marketing performances. Based on the study, it is found out that product, price, place, promotion, people, process and physical evidence have significant and positive impact on marketing performance of tourists hotels in the eastern province.

In Ethiopia, there is little empirical literature conducted on the context and scope pursued by using the researcher. Accordingly, among the research performed in the Ethiopian context:

Assegedech (2004) has studied “Marketing Strategies for Micro and Small Enterprises” and her work identified that the marketing issue such as lack of product diversity, pricing problems, how to compete in the market, confined business administration and salesmanship ability, restricted potential to promotional activities, and lack of market-related information are hindering the

improvement of MSE. However, her study doesn't expose the relationship between marketing strategy and performance.

Sabu(2014), studied that profitable marketing strategies are formulated in the proper aggregate services marketing mix, the seven Ps, especially product, price, place, placement, promotion, people, process and physical evidence. The product strategy, pricing strategy, distribution (Placement) strategy, promotion strategy, people strategy, process strategy, and physical evidence strategy are broadly utilized by means of the telecom provider providers to design, develop, differentiate and put into effect on their marketing strategies.

Lidia Samuel (2015) has studied on "The Impact of Marketing Strategy on a Firm's Performance Opinion Survey on Employees of Dashen Bank S.C." Her studied published marketing mix have made the impact on the financial performance of the Bank. However, they have an impact on that every of these variables has on economic overall performance varies. Some variables such as price, place, people, and promotion are enhanced predictors. The outcomes also showed that the marketing mix variables only defined section of the monetary performance of the Bank.

Yohannes (2018) his studied that the Effect of marketing Strategy on Market performance in Employee Perspective of on line bank, According to his study the marketing strategy dimensions (product, price, place and promotion) have a tremendous and enormous relationship with that of market overall performance . Similarly shows that the absolute best relationship is observed between promoting and market performance and the lowest relationship located between product and market performance. Therefore, the market approach dimension and market performance has great and statistically significant relationship in Lion bank.

Fekadu (2018) studied that the effect of marketing strategy on small and medium enterprise performance. Based on his study, the following conclusions are drawn out of the research findings, The study observed that the independent variables such as STP, Product, Price, Place, Promotion, Customer Orientation and Relationship marketing strategy has the considerable impact on the small and medium enterprise performance but, the price is not. Each one has its

unique contribution and effect to the overall performance of the small and medium firms businesses.

Elelta(2019) has studied on the Effect of Marketing strategy on organizational profitability in ontex Ethiopia, According to her discovering all marketing mix strategies have a high quality and massive effect on Ontex Ethiopia's profitability. Each marketing mix strategy has extraordinary level of significance; marketing strategies has the absolute best degree of impact on profitability of the organization. A one unit expand in the promotional approach will make bigger profit through 0.322. Secondly product method surprisingly affects profitability, a unit extend in product method will increase profit by way of 0.29, a unit expand in pricing approach will make bigger income with the aid of 0.285 and a unit enlarge in distribution method will amplify profitability by 0.039.

Woldekiros H.(2019) has studied on "The effect of Marketing mix tools on Customers satisfaction case study for Wegagen bank", The findings of the multiple linear regressions shown that all the marketing mix tools: product/service, price, promotion, place/distribution, people/employees, process and physical evidence are positively associated with customer satisfaction of the bank.



### 2.3. Conceptual Framework

This stage provides clarification for building the study framework and creating the hypothesis. It's principally primarily based on key findings from the literature review of the marketing strategy research.

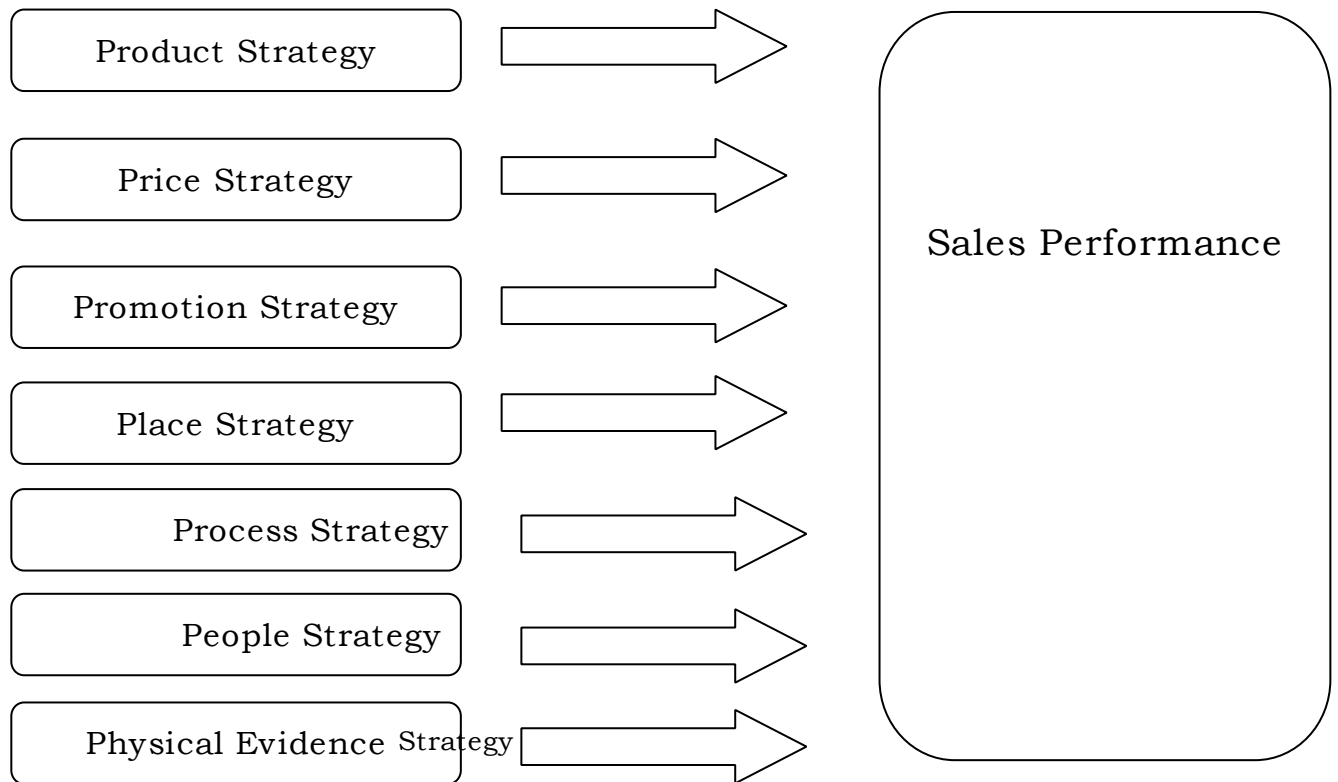


Fig.1: Conceptual Frame work adapted from M. S. Ishar Ali and Mubarak Kaldeen(2017)

## **2.4. Hypothesis Development**

### **Product Strategy and MSE Sales Performance**

Kotler and Armstrong (2012) define a product as anything that can be offered to a market for attention, acquisition, use, or consumption that might satisfy a need or want. Product influences have a significant effect on business performance (Gbolagade, 2013). However, in all circumstances, a product's quality should be reliable with other elements of the marketing mix. For example, a premium based pricing strategy will require a quality product perhaps branded to support the price change. Consumers buy products frequently, with careful planning, and by comparing brands based on price, quality, and style. Kotler (2003) sees a product as about quality, design, features, brand name and sizes which influence the purchase. Mustapha (2013) also emphasize that product is the physical appearance of the product, packaging, and labeling information, which can influence behavior whether consumers notice a product in-store, examine it, and/or purchases it. Therefore, based on these evidences the following hypothesis will develop.

H<sub>1</sub>: Product strategy has positive and significant effect on the sales performance of MSEs.

### **Pricing Strategy and MSE Sales Performance**

Kotler (2003) defines price as an income of producing, delivering and promoting the product to be exchanged by the organization. Zeithaml (1988) is viewed that monetary cost is one of the factors that influence consumer's perception of a product value. Price can be stated as the actual or total rated value of a product which is up for an exchange. The price you set for your product or service plays a significant role in its marketability. Therefore, based on these evidences the following hypothesis was developed.

H<sub>2</sub>: Price strategy has positive and significant effect on the sales performance of MSEs.

### **Place Strategy and MSEs Sales Performance**

McCarty, Perreault, and Cannon (2011) define place in anywhere that the customer can obtain a product or receive a service. They also defined distribution as another name for a place. According to them, it is the third element of the marketing mix, and it included all decisions and tools which tell to making products and services available to customers. Kotler and Armstrong (2013) also define place or distribution as a set of interdependent organizations involved in the process of making a product available for use or consumption by consumers. Place strategy calls for effective distribution of products among the marketing channels such as the wholesalers or retailers. Therefore, based on these evidences the following hypothesis was developed.

H3: Place strategy has positive and significant effect on the sales performance of MSEs.

### **Promotion Strategy and MSEs Sales Performance**

Zeithaml (1995) describes promotion as part of specific effort to encourage customers to tell others about their services. According to Duncan (2005), promotion is the key to the market exchange process that communicates with present and potential stakeholders, and the general public. Hakansson (2005) also information that promotion appears as an issue of how to create an best marketing communication tools in order to get a product's message and brand from the producer to the consumer. Borden (1984) defines promotion as sales promotion, advertising, personal selling, public relations and direct marketing. Kotler (2007) discovers that promotions have become a critical factor in the product marketing mix which consists of the specific blend of advertising, personal selling, sales promotion, public relations and direct marketing tools that the company uses to pursue its advertising and marketing objective.

H4: Promotion strategy has positive and significant effect on the sales performance of MSEs.

### **Process and MSEs Sales Performance**

Sabu (2014) defines process as the actual procedures, mechanisms, and flow of activities by which the service is delivered. The actual procedures, mechanisms, and flow of activities by which the service is delivered are termed as process. According to Zeithaml (2003), the process dimension in

the service marketing mix refers to the procedures of offering the services and this include the procedures concerning the making inquiry about the service to the post-purchase behaviors such as complaint-making or giving feedback. Zairi (2000) pointed out that the customers' satisfaction can be enhanced by offering the better accessibility to the service and this concern with the use of efficient and effective process of service offerings to make the process user-friendly.

H5: process has positive significant effect on the sales performance of MSEs.

### **People and MSEs Sales Performance**

People dimension in the service marketing mix refers to those persons who involve in the service delivery (Zeithaml, 2003). According to Gronroos (2007), the service providing personnel's appearances, their training level, the interpersonal behavior, and skillful in the service delivery has made significant impact on the customers' perceived quality and satisfaction. Kim et al (2004) point out that the for technology-based services like mobile network services, customers have to rely on the suggestions and advices of the service providing employees and the relationship between these two parties have significant impact on the customers' satisfaction.

H6: people have positive and significant effect on the salesperformance of MSEs.

### **Physical Evidence and MSEs Sales Performance**

Lovelock and Wirtz (2011) asserted that the tangible dimension of Parasuraman et al. (1991) is closely related to the physical evidence dimension of 7 P's marketing mix as the customers usually sees the tangibles such as office buildings, the layout of the servers, and the physical appearances of the service providing employees. Mohammad (2015) agreed that the condition of physical evidence could influence the consumers' perception on the service quality because; a consumer usually makes inferences about the possible quality of a service provider by looking at the physical evidence of service environment.

H7: Physical Evidence has positive and significant effect on the sales performance of MSEs.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3. Introduction**

Methodology the study approach, design/type, sampling design, source of the data, information series method, facts series instrument, technique of statistics analysis, validity and reliability, and research ethics followed.

##### **3.1. Description of the Study Area**

The research was carried out in Addis Ababa Kirkos sub city service sector MSEs. Within the service sector there are different sub sectors such as and restaurant, maintenance and rent, beauty salon, electronics software and publishing.

##### **3.2. Research Approach**

There are three basic type of research approaches; quantitative, qualitative, and mixed approach. Quantitative research approach is based totally on the philosophy of submit positivism world view. It is additionally reductionist in that the intent is to decrease the thoughts into a small, discrete set of thoughts to test, such as the variables that represent hypotheses and research questions. In addition, quantitative approach makes use of statistical strategies in describing patterns of conduct and generalizing findings from samples to population of interest, and employs techniques of inquiry such as experiments and surveys (Creswell 2003).

Hence, by taking the research objectives, respondents and questions into considerations, quantitative research approach was used. A quantitative research approach used to as it is appropriate to test relationships using the hypothesis and research questions (Zikmund, 2003).

### **3.3. Research Design/Type**

The research design is the conceptual framework inside which research is conducted; it constitutes the blueprint for the collection, measurement and evaluation of data. There are three kinds of research design, namely; exploratory, descriptive, and explanatory research (Kothari, 2004).

Kumar (2011), explanatory research makes clear the relationship between two factors of a state of affairs or phenomena. Therefore, in this study the explanatory research design was selected on account that it examines the effect of the predictors (marketing strategies) on the structured variable (sales performance).

### **3.4. Sampling Design**

A sample design is a specific taster for acquiring a sample from a given population. It refers to the method or the approach the researcher was undertaken in choosing objects for the sample. Sample figure might additionally as nicely lay down the range of item to be consists of in the sample i.e., the measurement of the sample. Sample is decided earlier before data collection. (Kothari, 2004). Accordingly, the target population, sampling frame, sampling technique, sample size, and sampling method of the find out about are mentioned below.

#### **3.4.1. Target population**

A population can be described as all peoples or items (unit of analysis) with the character that one desires to study. The unit of evaluation might also be a person, individual, organization, country, object, or any different entity that researchers want to draw scientific inferences about (Kelley, Clark, Brown, &Sitzia, 2003).

In this study the target populations have been registered/ licensed from the City Government of Addis Ababa job Creation and Enterprise Development Bureau, in Kirkos sub city service sectors enterprises there are 275 MSEs .

### **3.4.2. Sampling Frame**

The sampling frame for any sample is a whole listing of all the case in the population from which the model might be drawn (Saunders, 2000). In view of that, the sampling frame for this research designed from City Government of Addis Ababa job Creation and Enterprise Development Bureau in Kirkos sub city service sector enterprises there are 275 MSEs . in this sector, Café and restaurant, maintenance and rent, beauty salon, electronics software and publishing are sub sectors.

### **3.4.3. Sampling Technique**

Sampling technique enables the researcher to study a comparatively small number of units in place of the target population, and to acquire data that are representative of the whole target population (Sarantakos, 1997).

In this study, the stratified and purposive sampling techniques were used in combination. The researcher chosen stratified sampling technique stand from Kothari (2004) statement that, “If a population from which a sample is to be drawn does not constitute a homogeneous group, stratified sampling technique is generally applied in order to obtain a representative sample. In this technique population is divided into several sub-populations that are individually more homogeneous than the total population (the different sub-populations are called strata)”.

Therefore the strata in study were 4 subsectors. These are café and restaurant, maintenance and rent, beauty salon, electronics software and publishing. In general, since each stratum is more homogeneous than the total population, the researcher is able to get more accurate estimation of the sample for each stratum and by estimating more accurately each of the component division and get a better estimate of the whole; in brief, stratified sampling results in more reliable and full information (Kothari, 2004).

In addition to the stratified sampling technique, purposive sampling technique was used to choose the respondents from each stratum. This technique was needed to choose members of the population to participate in the study purposively based on researcher’s own judgments“ to answer research questions and/or achieve research objectives.

### 3.4.4. Sample Size

In this study, the researcher used Yemane (1967) set and massive population sample measurement components with 95% self confidence level. The method used to achieve this sample measurement is introduced below:

$$n = \frac{N}{1 + N(e)^2}$$

Where: n represents sample size, N represents absolute variety of population size, and e represents sampling error/level precision. According to the data acquired from the City Government of Addis Ababa Job Creation and Enterprise Development Bureau, in the Kirkos sub city there is whole variety of 275 service Enterprises. Which includes café and restaurant,(105) maintenance and rent,(45) beauty salon,(72) electronics software and publishing (53).

Therefore, based on the above formulation the sample size of the study is 163 MSEs.

$$n = \frac{275}{1 + 275(0.05)^2} = 163$$

Table1: The sample sizes of the respondents from each service sector strum

| No. | Strata (S)r                         | Total no. of MSE in service sector | Sample from each ni=Ni/N163 |
|-----|-------------------------------------|------------------------------------|-----------------------------|
| 1   | café and restaurant                 | 105                                | 62                          |
| 2   | Maintenance and rent                | 45                                 | 27                          |
| 3   | Beauty salon                        | 72                                 | 43                          |
| 4   | Electronics software and publishing | 53                                 | 31                          |
|     | Total                               | 275                                | 163                         |



### **3.4.5. Sampling Procedure**

The researcher was targeted the registered Micro and Small Enterprises owners and/or managers operating in Kirkos sub-cities in Addis Ababa City. Consequently, from the total population of 275 MSEs in 4 sub sectors, 163 were taken as the sample size. To make sure that all the varieties of groups in the sampling frame are to be surveyed, the researcher was used stratified sampling technique. By using this technique the researcher grouped the MSE into homogenous groups (strata) i.e. includes café and restaurant, maintenance and rent, beauty salon, electronics software and publishing. Following the categorization of the population in MSEs into homogenous groups (strata/ subsector), the researcher was engaged proportionate stratified sampling technique to assign the sample size of each stratum through the method under which the sizes of the samples from the different strata are kept proportional to the sizes of the strata. Then, the non-probability method which is purposive sampling technique was employed to select the respondents among the strata based on the judgments of the researcher; because this sampling technique was helped to capture the estimation and judgments of management/ owners of the MSE near to the marketing strategies.

### **3.5. Data Sources and Types**

The study used each primary and secondary data used. The major source of facts was response gather from the owner/manager of MSEs. On the other hand, the secondary source of the facts was collect from specific books, articles, journals, and distinct reviews of MSEs to guide the main data.

### **3.6. Data Collection Instrument and Procedure**

A questionnaire is a research instrument consisting of a set of questions (items) predestined to take hold of responses from respondents in a standardized manner (Sauders, 2003). The study was relying on principal facts which gather via self-administrated questionnaire.

The questionnaire was put together in line with the goals of the find out about and shape into three parts. The first part of the questionnaire was confronted with acquiring some demographic and usual statistics about the respondents and enterprises. While, the second part was to investigating the Marketing Strategy dimensions i.e. product strategy, Price strategy, Place strategy, and Promotion strategy, Process strategy, People strategy and Physical Evidence

Strategy in MSEs. The third part of the questionnaire was deal with the relation between marketing strategy and sales performance measurements in MSE, The questions have been structured in close-ended questionnaire and responses to the questions measured by means of Likert scale of 5 ranking scale where: Strongly Disagree (SA)= 1; Disagree(D) =2, Neutral (N)=3, Agree (A)= 4; and Strongly agree (SD) =5. The Likert scale used to make the questions less complicated for respondents to reply in easy way.

The questionnaire was first draft in English language and then it translates into Amharic language. This can be due to the samples of the study of MSEs owners/or managers with limited educational background, and to attain the trustworthy facts from the respondents.

### **3.7. Validity and Reliability**

Validity and reliability of the measures want to be assessed earlier than the usage of the instrument of information series (Hair et al., 2003). Validity issues whether or not an instrument can precisely measure, whilst reliability pertains to the consistency in measurement. Therefore, in this study the reliability and validity have been examined as follows.

#### **3.7.1. Validity**

Validity is the qualification to which a measure precisely represents what it is supposed to. It is issues with how nicely the thought is described with the aid of the measure(s). There are three sorts of validity: content material validity, predictive validity, and assemble validity. The content material validity is the evaluation of the correspondence between the character objects and concept. Validity is the standards for how nice the plan is in using strategies of dimension that will seize the records to attempt the research questions (Kazi, 2010).Therefore, in this study in order to guarantee the validity of the research instrument, a variety of applicable literatures and special preceding research questionnaires used.

### **3.7.2. Reliability**

The reliability of a measure suggests the reliability and consistency which the instrument measures the thinking and helps to verify the goodness of a measure (Zikmund, 2003). In this study, the reliability of the tool in the instrument is used by Cronbach's alpha.

### **3.8. Data Analysis Methods**

The primary fact to be gathered via self-administrated questionnaire was analyzed using of each descriptive and inferential analysis. In order to do so, Statistical Package for Social Sciences (SPSS) software version 20 was employed.

Descriptive statistics was used mostly to summarize the demographic and general data of the respondents and enterprises. It was employed percentage and frequency.

Whereas, inferential statistics move beyond the description of definite observation to make inferences about the large population from which the sample was drawn. It was used for testing the hypothesis. In this study, different types of inferential statistics were employed. Thus, the Pearson Correlation used to discover the relationship between marketing strategy and sales performance variables. Likewise, a multiple of regression analysis was to measure the magnitude effect of marketing strategy on sales performance of MSEs. At the end, the quantitative facts were present in the form of tables, graphs, and charts as desire so as to make all the statistics clear and understandable.

### **3.9. Ethical Considerations**

The ethical considerations that the study applying is voluntary participation and harmlessness is that the respondents were completely knowledgeable about the procedures and risks concerned in research and can easily withdraw from participation. Informed consent is that the respondents have full fact about the study. Confidentiality and the researcher avoid bias and mistaken report.

## CHAPTER FOUR

### DATA PRESENTATION, ANALYSIS, AND INTERPRETATION

The main objective of the study has been to examine the Effect of Marketing Strategy on MSEs sales Performance by formulating hypothesis with the seven independent variables. In order to meet the objective of the study, the data that were gathered from the primary source using questionnaire was analyzed, presented, and interpreted bellow.

#### 4.1. Data Editing and Coding

Once the primary data was collected, prior to the analysis, the questionnaire was reviewed and it was to validate that if questionnaires were filled correctly. Any unfinished or missing responses were discarded from the subsequent analysis. The steps which stated in the data analysis section such as coding, eliminating coding and data entry error, known as “clearing the data”, Rubin &Babbie (2010) was performed in this research.

#### 4.2. The Questionnaire Response Rate

The questionnaires were physically distributed to MSEs owners and/managers of MSEs operating in Kirkos sub city of Addis Ababa City. According to Rubin &Babbie (2010), a response rate of 70% is “very good” for further assessment. Therefore, in this case, the response rate of 80% is significant.

Table 2. Questionnaire Response Rate

| No. | Questionnaire response rate | No. of questionnaire |
|-----|-----------------------------|----------------------|
| 1   | Sample size                 | 163                  |
| 2   | collected                   | 138                  |
| 3   | Remain uncollected          | 29                   |
| 4   | Discarded                   | 7                    |
| 5   | Usable                      | 131                  |
|     | Response rate               | <b>80%</b>           |

### **4.3. Testing of the Research Instruments**

Before undertaking the analysis to examine the effect of the dependent (sales performance) variables on the independent (7Ps) variable, the researcher undertake the validity and reliability test to guarantee the research instruments was valid besides reliable.

#### **4.3.1. Validity Test**

Content validity is the degree to which measuring instrument provides enough coverage of the subject matter under study. If the instrument contains a representative sample of the universe, the content validity is good. Its determination is primarily judgmental and intuitive. It can also be determined by means of a panel of persons who shall judge how well the measuring instrument meets the values, but there is no numerical way to express it (Kothari, 2004).

To increase the degree of simplicity & understandability, the English version questionnaire has translated into Amharic language. Furthermore, the researcher also conducted a pilot test of the questionnaire among the owners and/or managers of 12MSEs to collect feedbacks towards enhancing the validity of the instruments in line with content validity. Besides, the researchers acquired and integrated the opinions of the owners and/or managers of MSEs and instructors in order to enhance the research instrument validity.

#### **4.3.2. Reliability Test**

Reliability is the extent to which a dimension gives results that are consistent and fundamentally concerned with issues of consistency of measures (Bryman and Bell, 2003). Cronbach's alpha is a measure of internal regularity, that is, how closely related a set of sample items are as a group. It is measured to be a measure of scale reliability. A "high" value for alpha does not involve that the measure is one-dimensional. Technically speaking, Cronbach's alpha is a coefficient of reliability (or consistency). According to Hair, et al., (2006), if  $\alpha$  is greater than 0.7, it means that it has high reliability, 0.5 is sufficient, and if  $\alpha$  is smaller than 0.3, then it implies that there is low reliability.

Accordingly, the overall Cronbach' alpha result of the 36 items in the study (7 product, 5 price items, 3 place items, 6 promotion item, 2 process items, 3 people items, 3 physical evidence item, 7 sales performance items) was 0.668 which is higher than the minimum alpha value set as acceptable (i.e. 0.50). The Cronbach's alpha result of each item used in the questionnaire is shown in the following table.

**Table 3: Cronbach's Alpha Test for Reliability**

| <b>Reliability Statistics</b> |            |
|-------------------------------|------------|
| Cronbach's Alpha              | N of Items |
| .668                          | 36         |

## **4.4. Descriptive Analysis**

### **4.4.1. Demographic Characteristics of the Respondents**

Demographic factors are very important indicators of performance in any business and are the basis for research questionnaire turnout. Even though demographic distinctiveness are not having great influence on this study, the researcher considers some of them which are supposed to have association to the study. Hence, the demographic characteristics of gender, age, educational background, experience, size of the enterprise, sub-sector of the enterprise, number of employees, total amount of capital, and the extent to use marketing strategy are emphasized.

**Table 4. Demographic characteristics of the respondents**

|                     |                                 | Frequency | Percent | Valid Percent | Cumulative Percent |
|---------------------|---------------------------------|-----------|---------|---------------|--------------------|
| gender              | Male                            | 39        | 29.8    | 29.8          | 29.8               |
|                     | Female                          | 92        | 70.2    | 70.2          | 100.0              |
|                     | Total                           | 131       | 100.0   | 100.0         |                    |
| Age                 | 18-29 years                     | 22        | 16.8    | 16.8          | 16.8               |
|                     | 30-49 years                     | 76        | 58.0    | 58.0          | 74.8               |
|                     | 50-69 years                     | 32        | 24.4    | 24.4          | 99.2               |
|                     | Above 69 years                  | 1         | .8      | .8            | 100.0              |
|                     | Total                           | 131       | 100.0   | 100.0         |                    |
| Education           | Secondary School & Less         | 4         | 3.1     | 3.1           | 3.1                |
|                     | Certificate and Diploma         | 93        | 71.0    | 71.0          | 74.0               |
|                     | First Degree                    | 20        | 15.3    | 15.3          | 89.3               |
|                     | Second Degree                   | 5         | 3.8     | 3.8           | 93.1               |
|                     | more than 2nd Degree            | 9         | 6.9     | 6.9           | 100.0              |
|                     | Total                           | 131       | 100.0   | 100.0         |                    |
| Experience          | 1 to 3 years                    | 29        | 22.1    | 22.1          | 22.1               |
|                     | 4 to 6 years                    | 25        | 19.1    | 19.1          | 41.2               |
|                     | 7 to 10 years                   | 43        | 32.8    | 32.8          | 74.0               |
|                     | Above 10 years                  | 34        | 26.0    | 26.0          | 100.0              |
|                     | Total                           | 131       | 100.0   | 100.0         |                    |
| size                | Micro                           | 123       | 93.9    | 93.9          | 93.9               |
|                     | Small                           | 8         | 6.1     | 6.1           | 100.0              |
|                     | Total                           | 131       | 100.0   | 100.0         |                    |
| Number of Employees | 1 to 10 Employees               | 93        | 71.0    | 71.0          | 71.0               |
|                     | 11 to 20 Employees              | 20        | 15.3    | 15.3          | 86.3               |
|                     | 21 to 30 Employees              | 11        | 8.4     | 8.4           | 94.7               |
|                     | Above 31 employees              | 7         | 5.3     | 5.3           | 100.0              |
|                     | Total                           | 131       | 100.0   | 100.0         |                    |
| capital             | Less than 50,000 ETB            | 7         | 5.3     | 5.3           | 5.3                |
|                     | Between 50,000 to 100,0000 ETB  | 22        | 16.8    | 16.8          | 22.1               |
|                     | Between 100,001 to 200,0000 ETB | 52        | 39.7    | 39.7          | 61.8               |
|                     | More than 200,0000 ETB          | 50        | 38.2    | 38.2          | 100.0              |
|                     | Total                           | 131       | 100.0   | 100.0         |                    |
| marketing Strategy  | Low Extent                      | 1         | .8      | .8            | .8                 |
|                     | Moderate Extent                 | 63        | 48.1    | 48.1          | 48.9               |
|                     | Great Extent                    | 64        | 48.9    | 48.9          | 97.7               |
|                     | Very Great Extent               | 3         | 2.3     | 2.3           | 100.0              |
|                     | Total                           | 131       | 100.0   | 100.0         |                    |

The above tables summarize the demographic profile of the respondents. They are classified according to their gender, age group, and educational qualification, experience, size of the enterprise, number of employee, total amount of capital and marketing strategy extent. Accordingly gender distribution tells about majority 70.2 % respondents were female while 29.8 % male. Most respondents are ages of 30-49 years. 71% of respondent educational backgrounds are certificate/diploma, 32% of the respondents have 7-10 years work experience, and most respondents are micro enterprise which is 93.9%. Most respondents have 1-10 employees in the enterprise which is 71%. 39.7% of the respondent total amount of capital is 100001-200000 ETB. 48.9% respondents have great extent of marketing strategies.

#### **4.5 Correlation Analysis**

In this section, the researcher tried to accomplish the goal of the study through applying Pearson's correlation as it is the most widely used method of measuring the degree of relationship between the variables.



**Table.5. correlation analysis**

|  |                     | Correlations |        |        |           |         |        |                   |                   |
|--|---------------------|--------------|--------|--------|-----------|---------|--------|-------------------|-------------------|
|  |                     | Product      | Price  | Place  | Promotion | Process | People | Physical Evidence | Sales Performance |
| Product  | Pearson Correlation | 1            | .181*  | .294** | .071      | .069    | .280** | .358**            | .286**            |
|  | Sig. (2-tailed)     |              | .039   | .001   | .422      | .432    | .001   | .000              | .001              |
|  | N                   | 131          | 131    | 131    | 131       | 131     | 131    | 131               | 131               |
| Price  | Pearson Correlation | .181*        | 1      | .136   | .140      | .199*   | .263** | .024              | .353**            |
|  | Sig. (2-tailed)     | .039         |        | .123   | .112      | .023    | .002   | .784              | .000              |
|  | N                   | 131          | 131    | 131    | 131       | 131     | 131    | 131               | 131               |
| Place  | Pearson Correlation | .294**       | .136   | 1      | -.111     | -.033   | .038   | .106              | .074              |
|  | Sig. (2-tailed)     | .001         | .123   |        | .207      | .710    | .666   | .229              | .399              |
|  | N                   | 131          | 131    | 131    | 131       | 131     | 131    | 131               | 131               |
| Promotion  | Pearson Correlation | .071         | .140   | -.111  | 1         | -.034   | .060   | .216*             | .237**            |
|  | Sig. (2-tailed)     | .422         | .112   | .207   |           | .698    | .494   | .013              | .006              |
|  | N                   | 131          | 131    | 131    | 131       | 131     | 131    | 131               | 131               |
| Process  | Pearson Correlation | .069         | .199*  | -.033  | -.034     | 1       | .388** | .358**            | .437**            |
|  | Sig. (2-tailed)     | .432         | .023   | .710   | .698      |         | .000   | .000              | .000              |
|  | N                   | 131          | 131    | 131    | 131       | 131     | 131    | 131               | 131               |
| People   | Pearson Correlation | .280**       | .263** | .038   | .060      | .388**  | 1      | .410**            | .524**            |
|  | Sig. (2-tailed)     | .001         | .002   | .666   | .494      | .000    |        | .000              | .000              |
|  | N                   | 131          | 131    | 131    | 131       | 131     | 131    | 131               | 131               |
| Physical Evidence  | Pearson Correlation | .358**       | .024   | .106   | .216*     | .358**  | .410** | 1                 | .603**            |
|  | Sig. (2-tailed)     | .000         | .784   | .229   | .013      | .000    | .000   |                   | .000              |
|  | N                   | 131          | 131    | 131    | 131       | 131     | 131    | 131               |                   |
| Sales Performance  | Pearson Correlation | .286**       | .353** | .074   | .237**    | .437**  | .524** | .603**            | 1                 |
|  | Sig. (2-tailed)     | .001         | .000   | .399   | .006      | .000    | .000   | .000              |                   |
|  | N                   | 131          | 131    | 131    | 131       | 131     | 131    | 131               | 131               |
| *. Correlation is significant at the 0.05 level (2-tailed).  |                     |              |        |        |           |         |        |                   |                   |
| **. Correlation is significant at the 0.01 level (2-tailed). |                     |              |        |        |           |         |        |                   |                   |

Table 5. Shows the Pearson correlation result without place its significant level. When we see the correlation of product, price, place, promotion, process, people and physical evidence with sales performance they have a substantial Pearson correlation of product are positive correlation  $r=0.286$ , price are positive correlation  $r=0.353$ , place is positive correlation  $r=0.074$ , but insignificant, promotion are positive correlation  $r=0.237$ , process are positive correlation  $r=437$ , people are positive correlation  $r=524$  and physical evidence are positive correlation  $r=0.603$ .

From this result without place strategy we can conclude that the independent variables and dependent variables are significantly correlated.

## **4.6. Regression Analysis**

Regression is a method used to calculate the value of a dependent variable using one or more independent variables (Albaum, 1997). Regression analysis is a statistical device for the analysis of relationships between variables. Usually, the researcher looks for to ascertain the causal effect of one variable upon another variable. To explore such issues, the researcher assembles data on the underlying variables of interest and employs regression to estimate the quantitative effect of the causal variables upon the variable that he/she influences. The investigator also typically assesses the “statistical significance” of the estimated relationships, that is, the degree of confidence that the true relationship is close to the estimated relationship (Malhotra, 2007). In this study, the researcher was tried to test the assumptions before running the regression analysis.

### **4.6.1. The Assumptions for Testing Regression Analysis**

The test of assumptions should be done because the violations of the assumptions affect following use of multivariate statistical methods (Hair et al., 2006). Therefore, Hair et al., (2006) suggested that Several assumptions regarding the operation of multivariate statistical tools, namely normality, homoscedasticity, linearity, and multicollinearity should be applied before the stage any multivariate analysis. Accordingly, the researcher has tried to prove that obtained data truly represented the sample and obtained the best results.

#### **4.6.1.1. Test of Normality**

Hair et al. (2006) noted that normality relates to the figure of the data distribution for an individual metric variable and its association to the normal distribution. Assessment of the variables’ levels of skewness and kurtosis is one of the method was determine Normality. In fact, Skewness provides an indication of the symmetry of the distribution. Kurtosis turns to the flatness of the distribution relative to the normal distribution.

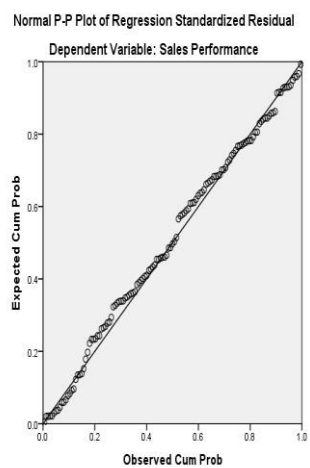
Accordingly, the normal distribution is detected based on skewness and kurtosis statistics. As proposed by George and Mallery (2010) the acceptable range for normality for both statistics is between -2 and +2. Therefore, as depicted in table 6 below, all variables values of Kurtosis and Skewness are almost within the acceptable range for normality. So, this implies that all items show normal distribution considering the criteria of Skewness and kurtosis values between -2 and 2. Therefore, the data used in this study was normally distributed.

**Table 6: Normality of Distribution Using Descriptive Statistics (Skewness and Kurtosis) Descriptive Statistics**

|                    | Skewness  |            | Kurtosis  |            |
|--------------------|-----------|------------|-----------|------------|
|                    | Statistic | Std. Error | Statistic | Std. Error |
| Product            | .367      | .212       | .416      | .420       |
| Price              | .695      | .212       | .828      | .420       |
| Place              | -.018     | .212       | .428      | .420       |
| Promotion          | .422      | .212       | 1.904     | .420       |
| Process            | .241      | .212       | -.296     | .420       |
| People             | .759      | .212       | .573      | .420       |
| Physical Evedece   | -.115     | .212       | -.268     | .420       |
| Sales Performance  | -.259     | .212       | .080      | .420       |
| Valid N (listwise) |           |            |           |            |

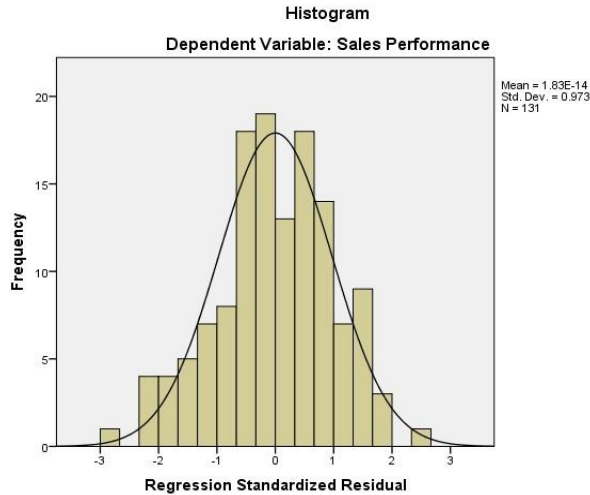
There is another useful graph that the researcher can examine to see if a distribution is normally distributed is called a P-P plot (probability-probability plot). According to Hair et al. (1998), the plots are different from residuals plots in that the consistent residuals are compared with the normal distribution. In general, the normal distribution makes a straight diagonal line, and the plotted residuals are compared with the diagonal. If a distribution is normal, the residual line will closely follow the diagonal (Hair et al., 1998). Therefore, as shown in the figure below, the data were normally distributed.

**Figure 2: Normal P-Plot**



Hair et al. (2006) also recommend that histogram is another means to use for comparing the observed data values with a distribution approximating the normal distribution. It is argued that the histogram of the research variables supports the expectation for the normal figure distribution of data.

Figure: 3 Histogram



#### 4.6.1.2. Multi-collinearity

Multicollinearity occurs when two or more of the independent variables are highly correlated that certain mathematical operations are not possible. The correlation between independent variables was such that multicollinearity is not a concern because multicollinearity will be created while results of the correlation coefficients are above 0.80 and to be considered-very high (Hair et al. 2006).

However, there are two universal procedures for evaluating collinearity, including tolerance and variance inflation factor (VIF) (Pallant, 2007). The statistics was absence of multicollinearity while VIF is less than ten, and tolerance value of greater than 0.10 but less than one (Robert Ho, 2006). Accordingly, as indicated in table 6 below, the collinearity statistics analysis of variance inflation factors (VIF) value ranges from 1.134 to 1.552 and Tolerance value ranging with 0.644 to 0.882. Likewise, as indicated in table 4 of correlation analysis, the results of the correlation coefficient between independent variables were below 0.8. Therefore, these results indicated that there was no collinearity problem in this study.

**Table:7 Colliniality Statistics**

| Model | Collinearity Statistics |
|-------|-------------------------|
|-------|-------------------------|

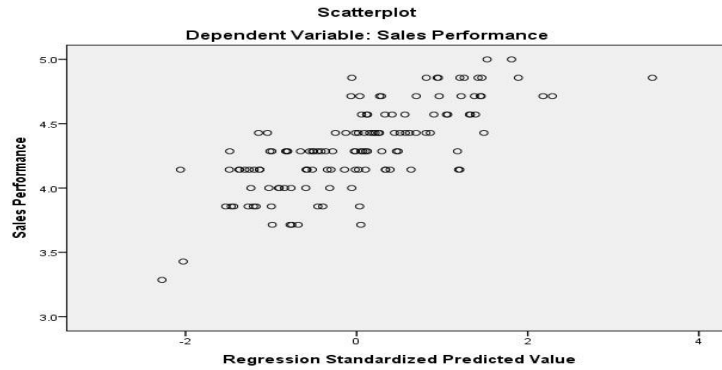
|                   | Tolerance | VIF   |
|-------------------|-----------|-------|
| 1 (Constant)      |           |       |
| Product           | .763      | 1.311 |
| Price             | .835      | 1.198 |
| Place             | .870      | 1.149 |
| Promotion         | .882      | 1.134 |
| Process           | .749      | 1.336 |
| People            | .705      | 1.419 |
| Physical Evidence | .644      | 1.552 |

a. Dependent Variable: Sales Performance

#### 4.6.1.3. Homoscedasticity of the Error Terms

Hair et al. (2006) indicated that Homoscedasticity relates to the assumptions that dependent variable explaining equal levels of variance across the range of independent variables. Hair (2006), argue the test of homoscedasticity is required because the variance of the dependent variable being explained in the dependence association could not be focus in simply a limited range of the independent values. Consistent with Hail(2006), this study tested the homoscedasticity for metric variables using scatter plot. Scatter plots of consistent residual was conducted for all the variables and the results from the data were shown in figure 4. In effect, the scatter plot showed that the pattern of data points does not contain any exact patterns and thus had not violated the assumption (e.g., no discernible patterns of residuals were indicated).

Figure 4.Scatterplot



#### 4.6.2. Multiple Linear Regression Analysis

Linear regression estimates the coefficients of the linear equation, involving one or more independent variables that greatest predict the value of the dependent variable (Field, 2005). Multiple linear regressions were conducted in order to decide the explanatory power of the independent variables (product, price, promotion, place, process, people, and physical evidence) to identify the relationship and to determine the most dominant variables that influenced the sales performance. The significance level of 0.05 with 95% confidence interval was used. The reason for using multiple regression analysis was to evaluate the direct effect of marketing strategy variables on the sales performance. Table 8 shows the model summary of the regression analysis.

**Table 8: Model Summary for MSE Sales Performance**

| Model Summary |                   |          |                   |                            |               |
|---------------|-------------------|----------|-------------------|----------------------------|---------------|
| Model         | R                 | R Square | Adjusted R Square | Std. Error of the Estimate | Durbin-Watson |
| 1             | .742 <sup>a</sup> | .550     | .524              | .228                       | 1.478         |

a. Predictors: (Constant), Physical Evidence, Price, Place, Promotion, Process, Product, People  
 b. Dependent Variable: Sales Performance

The above regression model presents how much of the variance in the measure of MSEs sales Performance is explained by the underlying marketing strategies variables. Furthermore, to explain  $R$ ,  $R_2$ , adjusted  $R_2$  and Durbin–Watson in detail:-

**R:** Indicates the value of the multiple correlation coefficients between the predictors and the result, with a range from 0 to 1, a larger value indicating a larger correlation and 1 representing an equation that completely predicts the observed value (Pedhazur, 1982). From the model summary ( $R=.742_a$ ) indicated that, the linear combination of the seven independent variables (product, price, promotion, place, process, people and physical evidence) strongly predicted the dependent variable (SME Performance).

**R Square ( $R_2$ ):** Indicates the proportion of variance that can be explained in the dependent variable by the linear combination of the independent variables. In another word,  $R_2$  is evaluates how much of the variability in the outcome is accounted for by the predictors. The values of  $R_2$  also range from 0 to 1 (Pedhazur, 1982). The linear combination of marketing Strategy variables or predictors“ i.e. product, price, promotion, place, process, people and physical evidence explains 55% of the variance in SMEs“ Performance and the remaining 45% is explained by extraneous variables, which have not been included in this regression model. On another word, 55% of the variation in the MSEs sales performance is explained by the changes in the abovementioned independent variables while the rest 45% is explained by other factors.

**Adjusted R Square ( $R_2$ ):** The adjusted  $R_2$  gives some suggestion of how well the model generalizes and its value to be the same, or extremely close to the value of  $R_2$ . That means it adjusts the value of  $R_2$  to more correctly represent the population under study (Pedhazur, 1982). The difference for the final model is small (in fact the difference between  $R_2$  and Adjusted  $R_2$  is  $(0.550 - 0.524 = 0.026)$  which is about 0.26%. This reduction means that if the model were derived from the population rather than a sample it would account for approximately 0.26% less variance in the conclusion.

**Durbin-Watson:** The Durbin–Watson statistic expresses that whether the supposition of independent errors is acceptable or not. As the conservative rule suggested that, values less than 1 or greater than 3 should definitely raise alarm bells (Field, 2005). So that the desired result is when the value is closer to 2, and for this data, the value is 1.478, which is so moderate to 2 that the assumption has almost certainly been met.



**Table 9: ANOVA of MSEs Sales Performance**

**ANOVA<sup>a</sup>**

| Model        | Sum of Squares | Df  | Mean Square | F      | Sig.              |
|--------------|----------------|-----|-------------|--------|-------------------|
| 1 Regression | 7.831          | 7   | 1.119       | 21.479 | .000 <sup>b</sup> |
| Residual     | 6.406          | 123 | .052        |        |                   |
| Total        | 14.237         | 130 |             |        |                   |

a. Dependent Variable: Sales Performance

b. Predictors: (Constant), Physical Evidence, Price, Place, Promotion, Process , Product, People

The ANOVA table shows the overall significance/ acceptability of the model from a statistical perspective (Pedhazur, 1982). As point out in the above table, the p-value is less  $< 0.05$  i.e. 0.000 which indicates the variation explained by the model is not due to possibility. So, the above ANOVA table shows the suitability of the model. As indicated in table 8, the researcher can connote that  $R$ ,  $R_2$ , and Adjusted  $R_2$  conducted for the multiple regression predict the MSEs sales performance based on the linear combination of marketing strategy independent variables is statistically significant.

F-Ratio: F-ratio determines whether the model is a good fit for the data. The F-ratio is calculated by dividing the average enhancement in prediction by the model by the average difference between the model and the observed data. If the improvement due to appropriate the regression model is much greater than the inaccuracy within the model then the value of F will be greater than 1 and SPSS calculates the exact probability of obtaining the value of F by chance (Pedhazur, 1982). The F-ratio for the above model is 21.479, which is very unlikely to have happened by chance.

### **The Regression Coefficient**

This study intends to recognize the most contributing independent variable in the forecast of the dependent variable. Thus, the strength of each predictor (independent variable) influencing the criterion (dependent variable) can be investigated via standardized Beta coefficient. The regression coefficient explains the average amount of change in the dependent variable that is caused by a unit change in the independent variable. The larger value of Beta coefficient an independent variable has, brings the more support to the independent variable as the more essential determinant in predicting the dependent variable

**Table.10 Coefficients**

| Coefficients      |                             |            |                           |       |      |                         |       |
|-------------------|-----------------------------|------------|---------------------------|-------|------|-------------------------|-------|
| Model             | Unstandardized Coefficients |            | Standardized Coefficients | t     | Sig. | Collinearity Statistics |       |
|                   | B                           | Std. Error | Beta                      |       |      | Tolerance               | VIF   |
| 1 (Constant)      | 1.258                       | .335       |                           | 3.760 | .000 |                         |       |
| Product           | .010                        | .062       | .012                      | .168  | .867 | .763                    | 1.311 |
| Price             | .206                        | .057       | .237                      | 3.586 | .000 | .835                    | 1.198 |
| Place             | .001                        | .036       | .002                      | .033  | .974 | .870                    | 1.149 |
| Promotion         | .092                        | .057       | .104                      | 1.612 | .109 | .882                    | 1.134 |
| Process           | .086                        | .039       | .156                      | 2.231 | .027 | .749                    | 1.336 |
| People            | .171                        | .057       | .217                      | 3.017 | .003 | .705                    | 1.419 |
| Physical Evidence | .248                        | .044       | .425                      | 5.639 | .000 | .644                    | 1.552 |

a. Dependent Variable: Sales Performance

The marked column B is the value for the intercept (a) in the regression equation on the first row, labeled (constant). The numbers below the column “beta” are the values for the regression coefficients for product, price, place, promotion, process, people and physical evidence. In the multiple regressions, the standardized regression coefficient Beta ( $\beta$ ) is useful, because it permits us to contrast the relative strength of each independent variable's effect on the dependent variable (Pedhazur, 1982).

The above coefficient table shows the constant beta value ( $\beta$ ) and the p-value of the variables to study the significance of the hypothesis. The significance level of each variable (P-value) is: .0867, .000 .974, .109, .027, .002, .000 and their standardized coefficients are 0.012, 0.237, 0.002, 0.104, 0.156, 0.217 & 0.425, respectively. The p-value of all the independent variables except for product, place and promotion, is below 0.05. This implies that the other four independent variables have a significant relationship with the dependent variable (MSE sales Performance), but, the product, place and promotion are not.

Based on these results, the regression equation that predicts MSEs sales performance based on the linear combination of product, price, place, promotion, process, people and physical evidence.

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \beta_7 X_7 + e$$

$$Y = 1.258 + 0.012X_1 + 0.237X_2 + 0.002X_3 + 0.104X_4 + 0.156X_5 + 0.217X_6 + 0.425X_7 + e$$

**Where:** Y= MSEs Performance (Dependent Variable)

$\beta_0$ = Intercept  $\beta_1, \beta_2, \beta_3, \beta_4, \beta_5, \beta_6,$  and  $\beta_7$  =

Coefficients of the line

$X_1$ =Product

$X_2$ = Price

$X_3$ =Place

$X_4$ =Promotion

$X_5$ =Process

$X_6$ =People

$X_7$ = Physical evidence e=

Sampling error

This result indicates, first, the intercept is .1.258 when all independent variables have a value of zero. Then, moving through the equation, holding product, price, place, promotion, process, people and physical evidence constant.

The first hypothesis which states, the product strategy has the positive significant effect on the sales performance of MSEs'' is not supported; because the P-value is greater than 0.05, hence product strategy has the insignificant effect on the sales performance of MSEs. Besides, the regression analysis shows that the product strategy has positive but insignificant effect on the sales performance of MSEs ( $\beta = 0.012$ ;  $P > 0.05$ ); hence, the alternative hypothesis is rejected.

The second hypothesis which states the price strategy, price increases the Sales Performance of MSEs by 0.237 for each additional product level increment. The p-value for this coefficient is statistically significant ( $p < 0.05$ ), meaning that price is a significant predictor of MSEs sales performance. Accordingly, the finding revealed that the 2<sup>nd</sup> hypothesis which states price strategy has the positive significant effect on the sales performance of MSE's is supported by the data collected on this survey as ( $p\text{-value} < 0.05$ ;  $\beta = 0.237$ ), the alternative hypothesis is Accepted

The third hypothesis which states, the place strategy has the positive significant effect on the sales performance of MSEs is not supported; because the P-value is greater than 0.05, hence Place strategy has the insignificant effect on the sales performance of MSEs. Besides, the regression analysis shows

that the place strategy is insignificant positive effect on the sales performance of MSEs ( $\beta = 0.002$ ;  $P > 0.05$ ); hence, the alternative hypothesis is rejected.

The fourth hypothesis which states, the Promotion strategy has the positive significant effect on the performance of MSEs is not supported; because the P-value is greater than 0.05, hence Place strategy has the insignificant effect on the sales performance of MSEs. Besides, the regression analysis shows that the promotion strategy is insignificant positive effect on the sales performance of MSEs ( $\beta = 0.104$ ;  $P > 0.05$ ); hence, the alternative hypothesis is rejected.

The fifth hypothesis which states the process strategy, process increases the Sales Performance of MSEs by 0.156 for each additional increment. The p-value for this coefficient is statistically significant ( $p < 0.05$ ), meaning that process strategy is a significant predictor of MSEs sales performance. Accordingly, the finding revealed that the fifth hypothesis which states process strategy has the positive significant effect on the sales performance of MSEs is supported by the data collected on this survey as ( $p\text{-value} < 0.05$ ;  $\beta = 0.156$ ), the alternative hypothesis is Accepted

The sixth hypothesis which states the people strategy, people strategy increase the Sales Performance of MSEs by 0.217 for each additional increment. The p-value for this coefficient is statistically significant ( $p < 0.05$ ), meaning that people strategy is a significant predictor of MSEs sales performance. Accordingly, the finding revealed that the sixth hypothesis which states people strategy has the positive significant effect on the sales performance of MSE's is supported by the data collected on this survey as ( $p\text{-value} < 0.05$ ;  $\beta = 0.217$ ), the alternative hypothesis is Accepted

The seventh hypothesis which states the Physical evidence strategy, physical evidence strategy increases the Sales Performance of MSEs by 0.425 for each additional increment. The p-value for this coefficient is statistically significant ( $p < 0.05$ ), meaning that physical evidence strategy is a significant predictor of MSE's sales performance. Accordingly, the finding revealed that the fifth hypothesis which states physical evidence strategy has the positive significant effect on the sales performance of MSEs" is supported by the data collected on this survey as ( $p\text{-value} < 0.05$ ;  $\beta = 0.425$ ), the alternative hypothesis is Accepted.

#### **4.7. Discussion of the Result**

This study was aimed to examine the effect of marketing strategy on MSE's sales performance. Under the umbrella of marketing strategy; product, price, place, promotion, process, people and physical evidence were selected as a marketing strategy scope as indicated in literature review section.

As indicate that the regression coefficients (Beta Coefficients) between the marketing strategy and sales performance have positive values. Hence, there were no inverse relationships between the marketing strategy variables and sales performance. The brief discussion on each hypothesis is given below.

The first predictor of sales performance is Product at ( $\beta = .012$ ,  $P > 0.05$ ). Has positive effect on sales performance of MSEs but not significant. This result of the study is consistent with the study of Zekarias B. (2019) that studied the impact of marketing mix strategy on organizational profitability in automobile dealers and found that Product has the insignificant effect on automobile dealers profitability. On the other hand The result of this study is rejecting with the study conducted by Kazem and Heijen (2006); Owomoyela (2013) who establish that product influences have a significant positive effect on business performance. Cavusgil and Zou (1994) also found that better firm performance can be obtained via adapting the product to meet necessities of export customers. Product is the physical appearance of the product, packaging, and labeling information, which can pressure behavior whether consumers notice a product in-store, examine it, and/or purchases it.

The second predictor of the sales performance is price at ( $\beta = .0237$ ,  $P < .05$ ) The findings exposed that price has positive and significant effect on the sales performance of MSEs. This result of the study is consistent with the study of Zekarias B. (2019) that studied the impact of marketing mix strategy on organizational profitability in automobile dealers and found that Product has the positive and significant effect on automobile dealers profitability. Colpan (2006), Owomoyela (2013), Lidia S. (2015) who found that the price has the significant effect on business performance. On the other hand study is rejecting with the study of Solomon A. (2016) that studied the effectiveness of

marketing strategy on performance in Abyssinia Bank and found that price has the insignificant effect on bank's performance.

The third predictor is Place at ( $\beta = .002$ ,  $P > 0.05$ ). Has positive effect on sales performance of MSEs but not significant. The result of this study is inconsistent with Owomoyela et al (2013); Amine and Cavusgil (2001) who found that place has significant effect on business performance. Ambler (2000) also found that distribution relationship has a positive effect on market share and performance. Place creates convenience for customers and achieves basic, yet significant, benefits such as time, place, form and delivery benefits for service organizations customers.

The fourth predictor of sales performance is promotion ( $\beta = .104$ ,  $P > 0.05$ ) has positive effect on sales performance of MSEs but not significant. This result of the study is consistent with the study of Zekarias B. (2019) that studied the impact of marketing mix strategy on organizational profitability in automobile dealers and found that Promotion has the positive and but not significant effect on automobile dealers profitability. On the other hand The result of this study is inconsistent with the study conducted by Lidia (2015), Amine and Cavusgil (2001), and Adewale (2013) who found that promotion has a positive and significant relationship with business performance. Promotion is the way an organization tries to reach its publics. It is a critical as entrepreneurs strive to make customers aware of different products/or services and their benefits. Respondents in the study concur that promotion strategy is beneficial for their business. Hence, from the results, it can be said that effective promotion of MSEs products/services can improve the organization's performance. Kazem and Heijen (2006); Owomoyela et al. (2013) who founds that product influences have a significant positive effect on business performance. Cavusgil and Zou (1994) also found that better firm performance can be obtained via adapting the product to meet requirements of export customers. Fekadu T. (2018). Also studied that the effect of marketing strategy on the performance of SME. and who found that promotion has positive and significant effect on performance of SME.

The fifth predictor of sales performance has process at ( $\beta = .0156$ ,  $P < 0.05$ ) has positive and significant effect on sales performance of MSE's. This result of the study is consistent with the study Zeithaml (2003), the process dimension in the service marketing mix refers to the procedures of offering the services and this include the procedures concerning the making inquiry about the service to the post-purchase behaviors such as complaint-making or giving feedback. Zairi (2000) pointed

out that the customers' satisfaction can be enhanced by offering the better accessibility to the service and these concerns with the use of efficient and effective process of service offerings to make the process user-friendly. Casalo et al, (2008), Al-Eisa & Alhemoud (2009) and Isa (2015), who also found that process significantly, affect customer satisfaction.

The sixth predictor of sales performance has people at ( $\beta = .0.217, P < 0.05$ ) has positive and significant effect on sales performance of MSE's. This result of the study is consistent with the study of Zeithaml (2003), "The Effect of marketing mix tools on Customer Satisfaction Case study for Wegagen bank" found that people strategy has positive significant effect on customer satisfaction. Siddiqi (2011) that interaction of employees and customers significantly affect customer satisfaction. The findings reflect the views of Adeoye and Lawanson (2012), personnel of money deposit banks in Nigeria funds to the long queues and huge crowd in the banking hall. On the other hand, this result is inconsistent with the findings of Isa (2015), who found that the employees of the service provider insignificantly affect customer satisfaction of the bank.

The last and greatest predictor of the sales performance has physical evidence ( $\beta = .0.425, P < .05$ ) has positive and significant effect on sales performance of MSEs. This result of the study is consistent with the study of Isa (2015), that physical evidence significantly affects customer satisfaction. This finding is also in line with the findings of Mohammad et al, (2012), Thursyanthy & Senthilnathan (2012), who found that physical evidence significantly affect customer satisfaction. From the result, it shows bank customers in Wegagen bank are satisfied with the banking environment. Zeithaml (2003), "The Effect of marketing mix tools on Customer Satisfaction Case study for Wegagen bank" found that people strategy has positive significant effect on customer satisfaction.

**Table 11. Summary of Hypothesis Testing**

| No | Hypothesis Testing   | Reason                   | Result          |
|----|--|--------------------------|-----------------|
| 1  | <b>H1.</b> Product has a positive and significant effect on the sales performance of MSE service sector in Addis Ababa , Kirkos sub city | $\beta = .012, P = .867$ | <b>Rejected</b> |

|   |  |                           |                 |
|---|--|---------------------------|-----------------|
| 2 | <b>H2.</b> Price has a positive and significant effect on the sales performance of MSE service sector in Addis Ababa , Kirkos sub city             | $\beta = .0237, P = .000$ | <b>Accepted</b> |
| 3 | <b>H3.</b> Place has a positive and significant effect on sales performance of MSE service sector in Addis Ababa , Kirkos sub city                 | $\beta = .002, P = .974$  | <b>Rejected</b> |
| 4 | <b>H4.</b> Promotion has a positive and significant effect on sales performance of MSE service sector in Addis Ababa , Kirkos sub city             | $\beta = .104, P = .109$  | <b>Rejected</b> |
| 5 | <b>H5.</b> Process has a positive and significant effect on the sales performance of MSE service sector in Addis Ababa , Kirkos sub city           | $\beta = .0156, P = .027$ | <b>Accepted</b> |
| 6 | <b>H6.</b> People has a positive and significant effect on the sales performance of MSE service sector in Addis Ababa , Kirkos sub city            | $\beta = .0217, P = .003$ | <b>Accepted</b> |
| 7 | <b>H7.</b> Physical evidence has a positive and significant effect on the sales performance of MSE service sector in Addis Ababa , Kirkos sub city | $\beta = .0425, P = .000$ | <b>Accepted</b> |

## CHAPTER FIVE

### SUMMARY OF MAJOR FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

The researcher has tried to examine the Effect of Marketing Strategy on MSEs Sales Performance in this study. This chapter presents the major findings of the study, conclusions, recommendations, and limitations and suggestions for future research. Accordingly, the first section of this chapter described the findings of the study that presents a brief summary, and the conclusion drawn from it. Lastly, the followed section of this chapter reveals the recommendations for the findings and highlights the direction for further studies.



## 5.1. Summary of Major Findings

- ✓ The demographic result of the study indicates that 29.8% respondents were male and the remaining 70.2 % were females.
- ✓ Regarding the respondents` age category, majority 53% respondents are between the ages of 30-49 years that shows that they are very adult.
- ✓ The study indicates the educational background of the respondents. From the total of respondents were 71% certificate/ diploma holders this indicates MSEs owner/manager has moderate understanding of the overall market.
- ✓ The study indicates the work experience of the respondents. From the total of respondents were 32% has from 7-10 years` work experience. This indicates MSEs owner/manager has sufficient work experience about the understanding of the overall market.
- ✓ The study indicates the size of the enterprise of the respondents, from the total of respondent. 93.9% has Micro enterprises
- ✓ The study indicates the number of employees within the enterprise has from the total number of the respondent 71% has 1to 10 employees.
- ✓ The study indicates the total amount of capital in the enterprise has from the total number of the respondent 39.7% has 100,001 to 200,000 ETB.
- ✓ The study indicates the marketing strategy intensity within the enterprise; from the total number of respondent 48.9% has great extent with marketing strategy.

The total reliability statistics of the scale for each variable such as of product, price, place, Promotion, process, people and physical evidence above sufficient which is .668 to 36 number of items.

The Pearson correlation result without place its significant level. When we see the correlation of product, price, place, promotion, process, people and physical evidence with sales performance they have a substantial Pearson correlation of product are positive correlation  $r=0.286$ , price are positive correlation  $r=0.353$ , place is positive correlation  $r=0.074$ , but insignificant promotion are positive correlation  $r=0.237$  process are positive correlation  $r=437$ , people are positive correlation  $r=524$  and physical evidence are positive correlation  $r=0.603$ . From this result with

out place strategy we can conclude that the independent variables and dependent variables are significantly correlated.

Regarding to the multiple liner regression result

- ✓ Product strategy that having the beta value of 0.012 and P- value of  $> 0.05$ ; it is statistically positive and insignificant effect on sales performance of MSE's.
- ✓ Analysis shown in the above table indicate that Price strategy  $\beta = .0237$ ,  $P = .000$ ; it is statistically positive and significant effect on sales performance of MSE's.
- ✓ Analysis shown in the above table indicate that Place strategy  $\beta = .0002$ ,  $P > 0.05$ ; it is statistically positive and insignificant effect on sales performance of MSE's.
- ✓ Analysis shown in the above table indicate that Promotion strategy  $\beta = .0002$ ,  $P > 0.05$ ; it is statistically positive and insignificant effect on sales performance of MSE's.
- ✓ Analysis shown in the above table indicate that Process strategy  $\beta = .0156$ ,  $P = .000$ ; it is statistically positive and significant effect on sales performance of MSE's.
- ✓ Analysis shown in the above table indicate that People strategy  $\beta = .0217$ ,  $P = .000$ ; it is statistically positive and significant effect on sales performance of MSE's.
- ✓ Analysis shown in the above table indicate that Physical Evidence strategy  $\beta = .0425$ ,  $P = .000$ ; it is statistically positive and significant effect on sales performance of MSE's.

## 5.2. Conclusions

Marketing is considered as a key element for any successful business, irrespective of its size, segment, the nature of its work and even its aims and objectives. The ultimate goal of any business is to be successful and remain in business profitably. And it's a no hidden fact that the success or failure of an organization depends on its marketing strategies (Akroush, 2003).

When it comes to marketing strategies, most people spontaneously think about the 4P's (Product, Price, Place, and Promotion). Process, People, and Physical evidence also an important element of marketing strategy for service sector. These are the basis for determining any particular marketing mix and the corresponding business performance of any firm. In line with this, a number of empirical researchers identified the thoughtful relationship among the company efforts paid to marketing strategy and the overall business performance.

In line with this, the researcher undertook the appropriate scientific study with the objective to examine the effect of marketing strategy on the sales performance of MSEs. Based on this study, the following conclusions are drawn out of the research findings:

The study found that the independent variables (the selected marketing strategies variables) have the significant effect on the MSEs sales performance but, the product, place and promotion are not. The other each one has its unique contribution and effect to the sales performance of the MSEs.. This also shows the importance of the marketing strategy no matter how the business is micro/small. Its performance is proportionately depends and goes with the marketing strategy applied.

The first hypothesis which state that the Product strategy has the positive significant effect on the sale performance of MSEs is rejected; because the P-value of the product strategy is ( $p\text{-value} > 0.05$ ;  $\beta = 0.012$ ). This means, the product strategy has an effect on sales performance, but its effect is not significant in this case. This is because most MSE's they don't build their brand positioning by providing a distinctive service quality and their products are not efficient in meeting customer's expectation.

The second hypothesis which states that the price strategy has the positive significant effect on the sales performance of MSEs . This hypothesis is confirmed; because the P-value of the price strategy is ( $P\text{-value} < 0.05$ ;  $\beta = 0.102$ ). The result of this study shows that the price strategy has the effect on the sales performance of MSE's. This is because their new product pricing strategy encourages customers willing to try new products and they pays attention the competition to act accordingly.

The third hypothesis which states that the place strategy has the positive significant effect on the sales performance of MSEs is rejected; because the P-value of the place strategy is ( $P\text{-value} > 0.05$ ;  $\beta = 0.002$ ). This means, the place strategy has an effect on the sales performance, but its effect is not significant in this case. This is because of most MSE's Placing strategy is not able to give location benefits to customers.

The fourth hypothesis which states that the promotion strategy has the positive significant effect on the sales performance of MSEs is rejected; because the P-value of the promotion strategy is ( $P\text{-value} > 0.05$ ;  $\beta = 0.104$ ). This means, the promotion strategy has effect on the sales performance, but its effect

is not significant in this case. This is because most of MSE's cannot use different advertising media to promote their products.

The fifth hypothesis which states that the process strategy has the positive significant effect on the performance of SMEs is accepted; because the P-value of the promotion strategy is (P-value <0.05;  $\beta=0.156$ ). The result of this study shows that the process strategy has the positive significant effect on the sales performance of MSE's. Because they deliver their product on time and they uses effective production procedures.

The sixth hypothesis which states that the people strategy has the positive significant effect on the sales performance of MSEs is accepted; because the P-value of the people strategy is (P-value <0.05;  $\beta=0.217$ ). The result of this study shows that the people strategy has positive significant effect on the sales performance of MSE's. Because of their staff's behavior is attractive to customer and has knowledge about the overall market

The seventh hypothesis which states that the physical evidence strategy has the positive significant effect on the performance of MSEs is accepted; because the P-value of the physical Evidence strategy is (P-value <0.05;  $\beta=0.425$ ). The result of this study shows that the physical evidence strategy has positive significant effect on the sales performance of MSE's. Because most enterprise's interior arrangement of furniture and neatness is attractive to their customers.

All the independent variables (product, price, place, promotion, process, people and physical evidence) are positive effect on the sales performance of MSE's.

### **5.3. Recommendations**

The researcher forwards the following recommendations based on the research findings and the conclusions drawn in the previous sections.

- ✓ MSEs should develop product strategy to build their brand positioning by providing a distinctive service quality to the customers.
- ✓ The Price strategy is the predictor of their sales performance. Hence, the MSEs should their increase their pricing strategy; they should facilitate products with credit terms.
- ✓ The MSEs should give consideration to place strategy to increase their Placing strategy is able to give location benefits to customers and efficient to gain market share.

- ✓ The MSEs should give consideration to promotion strategy to increase the usage of different advertising media to promote their products and other promotion mix.
- ✓ The process strategy is another predictor of the sales performance hence, the MSEs should increase and to be more efficient the delivery of product on time and they uses effective production procedures
- ✓ The people strategy is another predictor of their sales performance hence, the MSEs should increase more staff's behavior attractiveness to customer and improve skills and knowledge about the overall market
- ✓ The physical Evidence strategy is another strong predictor of their sales performance hence; the MSEs should increase their building status to attract their customers.

#### **5.4. Limitations and Suggestions for Future Research**

The findings of this study will provide a platform for a variety of future research efforts. In this study, only MSE's service sectors were taken into consideration. So, it is recommended that a similar study will be undertaken using large and/ Small and Medium enterprises of the same sector and make a comparative analysis.

This study is limited to marketing strategy only in terms of sales performance so; the other researcher should evaluate marketing strategy in another performance measurement.

Furthermore, mediating/moderating factors affecting the relationship between marketing strategies and performance were not included in this study. According to Akroush (2003), company marketing

assets and capabilities and company marketing experience are found to have the most prominent effect and are the master moderators on the relationships between the marketing strategy and the company's performance. This provides an opportunity for a investigate endeavor as well as these moderators.

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## Appendix I: English Version Questionnaire

### **St.Marry University Marketing Management Graduate Program Questionnaires to be filled by Micro and Small Enterprises**

#### **Dear Respondent,**

My name is Seble Hailemariam. I am a graduate student in the field of Marketing Management at St. Marry University. I would like to look for your assistance in completing the attached questionnaire which forms a basic part of my MA thesis. The purpose of this research is to study **“The Effect of Marketing Strategy on the Sales Performance of MSE: Evidence from Service Sector in Addis Ababa, in the case of Kirkos sub city”**. Therefore, your genuine and honest response is very important for the success of the research and the researcher would like to thank you for your cooperation in advance.

Kindly be assured that all information that you provide will be kept strictly confidential and used for academic purpose only. If you require any further information, want feedback on the study or unclear situation please contact me by the following address;

Email: mare.get27@gmail.com

Cell phone: +251 913167564

***Thank you in advance for your Space Time and Cooperation!***

#### **General Instruction:**

1. No need to write your name.
2. Instruction is given at the beginning of each part of the questionnaire.



## Part -II: Marketing Mix Strategy Elements.

**Instruction:** Please select the degree of agreement/disagreement with respect to the following statements associated with factors affecting Brand choice by encircling the alternative number that best describe your view. Where, 21= Strongly Disagree; 2=Disagree; 3-Neutral; 4=Agree; 5=Strongly Agree.

| No.        | Statement  | SDA | DA | N | A | SA |
|------------|--|-----|----|---|---|----|
|            |  | 1   | 2  | 3 | 4 | 5  |
| <b>i</b>   | <b>Product Strategy</b>  |     |    |   |   |    |
| 1          | We provide different kinds of products.  | 1   | 2  | 3 | 4 | 5  |
| 2          | Our products are efficient in meeting customer expectations.                               | 1   | 2  | 3 | 4 | 5  |
| 3          | We Provide better quality products based on our customers' needs and wants.                | 1   | 2  | 3 | 4 | 5  |
| 4          | We introduce new products based on customer's needs.                                       | 1   | 2  | 3 | 4 | 5  |
| 5          | We use effective product package   | 1   | 2  | 3 | 4 | 5  |
| 6          | We build our brand positioning by providing a distinctive service quality.                 | 1   | 2  | 3 | 4 | 5  |
| 7          | We provide additional service with main products   | 1   | 2  | 3 | 4 | 5  |
| <b>ii</b>  | <b>Price Strategy</b>  |     |    |   |   |    |
| 1          | Our pricing strategy pays attention the competition to act accordingly.                    | 1   | 2  | 3 | 4 | 5  |
| 2          | The new product pricing strategy encourages customers willing to try new products easily.  | 1   | 2  | 3 | 4 | 5  |
| 3          | Our enterprise offering price discounts  | 1   | 2  | 3 | 4 | 5  |
| 4          | The price charged are commensurate to the quality of service offered.                      | 1   | 2  | 3 | 4 | 5  |
| 5          | We provide products with facilitates credit terms  | 1   | 2  | 3 | 4 | 5  |
| <b>iii</b> | <b>Place Strategy</b>  |     |    |   |   |    |
| 1          | Our Placing strategy is able to give location benefits to customers.                       |     |    |   |   |    |
| 2          | Our Placing strategy is able to serve our customers well in time.                          | 1   | 2  | 3 | 4 | 5  |
| 3          | Our Placing Strategy is efficient to gain market share                                     |     |    |   |   |    |
| <b>iv</b>  | <b>Promotion Strategy</b>  |     |    |   |   |    |
| 1          | Our enterprise uses different advertising media to promote our products.                   | 1   | 2  | 3 | 4 | 5  |
| 2          | Our enterprise offers various sales promotions such as gifts, free samples, discounts etc. | 1   | 2  | 3 | 4 | 5  |
| 3          | Our enterprise uses Public relation promotions to create good image.                       | 1   | 2  | 3 | 4 | 5  |
| 4          | Our promotional strategies help us to make direct communication with clients.              | 1   | 2  | 3 | 4 | 5  |
| 5          | Participating on exhibition, trade fair, etc help us to promote our products.              | 1   | 2  | 3 | 4 | 5  |
| 6          | Our enterprise promotion strategy is able to inform customers about new products           | 1   | 2  | 3 | 4 | 5  |

| No.        | Statement  | SDA | DA | N | A | SA |
|------------|--|-----|----|---|---|----|
|            |  | 1   | 2  | 3 | 4 | 5  |
| <b>v</b>   | <b>Process Strategy</b>  |     |    |   |   |    |
| 1          | Our production procedure is effective                                  | 1   | 2  | 3 | 4 | 5  |
| 2          | We deliver our product on time   | 1   | 2  | 3 | 4 | 5  |
| <b>vi</b>  | <b>People Strategy</b>   |     |    |   |   |    |
| 1          | Our enterprise has skilled man power                                   | 1   | 2  | 3 | 4 | 5  |
| 2          | Our enterprise has knowledge about the overall market                  | 1   | 2  | 3 | 4 | 5  |
| 3          | Our staff's behavior is attractive to customer                         | 1   | 2  | 3 | 4 | 5  |
| <b>vii</b> | <b>Physical Evidence Strategy</b>                                      |     |    |   |   |    |
| 1          | Our enterprise appearance of building is attractive to customer        | 1   | 2  | 3 | 4 | 5  |
| 2          | Our enterprise interior furniture is attractive to customer            | 1   | 2  | 3 | 4 | 5  |
| 3          | Our enterprise service provider dressing style is appropriate uniform. | 1   | 2  | 3 | 4 | 5  |

### Part III: MSE Marketing strategy related to Sales Performance

| No.      | Statement  | SDA | DA | N | A | SA |
|----------|--|-----|----|---|---|----|
|          |  | 1   | 2  | 3 | 4 | 5  |
| <b>i</b> | <b>Sales Performance of MSE</b>  |     |    |   |   |    |
| 1        | By using our product strategy, we achieved maximum sales performance           | 1   | 2  | 3 | 4 | 5  |
| 2        | By using our price strategy, we achieved maximum sales performance             | 1   | 2  | 3 | 4 | 5  |
| 3        | By using our place strategy, we achieved maximum sales performance             | 1   | 2  | 3 | 4 | 5  |
| 4        | By using our promotion Strategy, we achieved maximum sales performance         | 1   | 2  | 3 | 4 | 5  |
| 5        | By using our process strategy, we achieved maximum sales performance           | 1   | 2  | 3 | 4 | 5  |
| 6        | By using our people strategy, we achieved maximum sales performance            | 1   | 2  | 3 | 4 | 5  |
| 7        | By using our physical evidence strategy, we achieved maximum sales performance | 1   | 2  | 3 | 4 | 5  |

## Appendix II: Amharic Version Questionnaire

ቅድስት ማርያም ደምዳሜ ኒሽር ሲቲ

የንግድ አስተዳደር የድህረ ምረቃ  
ትምህርት ፕሮግራም

በጥቃቅንና አገልግሎት አገልግሎት ሰጪ ንግድ ፕሮጀክት ላይ የሚገኘውን ማጠቃለያ

ወደተሳታፊዎች

ስሜሰብለኛ ይህ ማርያም ደምዳሜ ኒሽር ሲቲ ውስጥ የንግድ አስተዳደር ተመራቂቱን  
ሪፖርት፡፡

ስለሆነም የድህረ ምረቃ ፅሁፍን ለመስራት ይህንን መጠይቅ በመሙላት እንዲተባበሩኝ እጠይቃለሁ፡፡  
፡፡ የዚህ ጥናት አላማ "በቂርቆስ

ክ/ከተማ ላይ የሚገኙትን የጥቃቅንና አገልግሎት አገልግሎት ፕሮጀክት ላይ ዝርዝር ግለግሎት ሰጪ አገልግሎት ሰጪዎች  
ገበያ ስልትና የሽያጭ አፈፃፀማቸው ላይ ያለውን ውጤት" ማጥናት ነው፡፡

ስለሆነም ለጥናቱ መሳካት የእርስዎ እውነተኛና ትክክለኛ መልስ በጣም አስፈላጊ ነው፡፡

ለሚያደርጉልኝ ቀናት ብብር አስቀድሜ ለማመስገን እወዳለሁ፡፡

ለተጨማሪ መረጃ እንዲሁም ገለጻ ከዚህ በታች ባለው አድራሻ ያግኙኝ!

✉ አ.ሜይል: mare.get27@gmail.com

✉ ስልክ: +251 913 167564

አጠቃላይ መመሪያ

✉ ስም መጻፍ አያስፈልግም፡፡

✉ በእያንዳንዱ ጥያቄዎች መጀመሪያ ላይ መመሪያ ተቀምጧል፡፡

**ክፍል 1:**

**አጠቃላይ መረጃ ጥያቄ እባክዎ እርሶ የመረጡ ትላይያክብቡ፤**

1. ስም

1. ወንድ

2. ሴት

2. ዕድሜ:

1. ከ18-29

2. ከ30-49

3. ከ50-69

4. ከ69 ዓመት በላይ

የትምህርት ደረጃ:

1. ሁለተኛ ደረጃ እና በታች

2. ሰርተፊኬት/ዲፕሎማ ደረጃ

3. የመጀመሪያ ዲግሪ ደረጃ

4. ሁለተኛ ዲግሪ

5. ከሁለተኛ ዲግሪ በላይ

4. በኢንተርኔት ላይ ዘመናዊ ስልጠናዎች:

1. ከ1-3 ዓመት

2. ከ4-6 ዓመት

3. ከ7-10 ዓመት

4. ከ10 ዓመት በላይ

5. የኢንተርኔት ላይ ዓይነት:

1. ጥቃቅን

2. አነስተኛ

6. በኢንተርኔት ላይ ዘመናዊ ስልጠናዎችን የሚያሟሙ ሰራተኞች አሉ?

1. ከ1-10

2. ከ11-20

3. ከ21-30

7. 4. ከ30 በላይ

አጠቃላይ ካፒታል ደመወዝዎን ያሳውቁ?

1. ከ50,000 በታች

2. 50,000-100,000

3. ከ100,001-200,000

4. ከ200,000 በላይ

8. የሽያጭ አፈጻጸም ስልጠናዎችን የሚሰጡ ሰራተኞች ስራ ላይ (ምርት፣ ዋጋ፣ ማስተዋወቂያ፣ ቦታ፣ ሂደት፣ ህዝብ፣ የሚታዩ ስራዎች ስልት) ስልጠናዎችን ያሟላሉ? 1. በጣም አነስተኛ ደረጃ

2. በአነስተኛ ደረጃ

3. በተሻለ ደረጃ

4. በትልቅ ደረጃ

5. በጣም ትልቅ ደረጃ

ክፍል 2: የ 7 በያ ውህድስ ትራቴጂ/ስልት/

ጥያቄዎች እባክዎ በእያንዳንዱ አረፍተኛ ገርላይ እርሶ የ

ሚጠቅምልህ ይያክብሱ!

1=በጣም አልስማምም 2=አልስማምምም 3=አልወሰን ኩም 4=እስማማለሁ 5=በጣም እስማማለሁ

| ተ. ቁ.                             | ከምርት ሥልጣን ጋር የተያያዙ ጥያቄዎች                                 |   |   |   |   |   |
|-----------------------------------|--|---|---|---|---|---|
| 1                                 | ድርጅታችን የተለያዩ ምርቶች አገልግሎት ይሰጣል                            | 1 | 2 | 3 | 4 | 5 |
| 2                                 | የኢንተርፕራይዞችን ምርቶች አገልግሎት ደንቦች እንደሚገኙ ምክትትል ውጤት :          | 1 | 2 | 3 | 4 | 5 |
| 3                                 | ኢንተርፕራይዞችን የተሻለ ጥራት ያለው ምርቶች አገልግሎት እንደደንበኛ ፍላጎት ያቀርባል : | 1 | 2 | 3 | 4 | 5 |
| 4                                 | ደንበኞችን ማረጋገጥ ያደረገ አዳዲስ ምርቶችን እና ቀርቦለን                    | 1 | 2 | 3 | 4 | 5 |
| 5                                 | ጥሩ ምርቶች ሂደቶችን እንጠቀማለን                                    | 1 | 2 | 3 | 4 | 5 |
| 6                                 | የተለየ ጥሩ አገልግሎት በሚሰጡ ምርቶች ስለሚኖሩ ጥሩ ዲፎርኔሽን ሰራለን            | 1 | 2 | 3 | 4 | 5 |
| 7                                 | ከዋናው ምርቶችን ተጨማሪ ሌሎች አገልግሎቶችን እንደደንበኞችን ሰጥለን              | 1 | 2 | 3 | 4 | 5 |
| <b>ከዋናው ስልጣን ጋር የተያያዙ ጥያቄዎች</b>   |  |   |   |   |   |   |
| 1                                 | የዋጋ አተማማኝ ዘዴዎችን ደንበኞችን ማዘጋጀት አቅም ማረጋገጥ ያደረገ ውጤት :        | 1 | 2 | 3 | 4 | 5 |
| 3                                 | የዋጋ ቅናሽ እና ደርጋለን   | 1 | 2 | 3 | 4 | 5 |
| 4                                 | የምርት ቀርቦ ወይን በያዋጋ ማሰጠትን የምርት/አገልግሎት ጥራት ይመጣል ::          | 1 | 2 | 3 | 4 | 5 |
| 5                                 | የብድር አገልግሎት የምንሰጥበትን ሁኔታዎች እና ማቻቻለን ::                   | 1 | 2 | 3 | 4 | 5 |
| <b>ከሚጠቀሙት ስልጣን ጋር የተያያዙ ጥያቄዎች</b> |  |   |   |   |   |   |
| 1                                 | ምርቶቻችንን እና አገልግሎታችንን ለማስተዋወቅ የተለያዩ ማስታወቂያ ብዙሃንን እን       | 1 | 2 | 3 | 4 | 5 |

|                                    |  |   |   |   |   |   |
|------------------------------------|--|---|---|---|---|---|
|                                    | ጠቀሜላን ፡ ፡  |   |   |   |   |   |
| 2                                  | የተለያዩ የሽያጭ ጥቅምታዎችን እንደስጦታ፣ በነጻ ጥያቄ በሚጠቀሙት፣ የዋጋ ቅናሽና የሚሰጡትን እንጠቀሟለን፡፡ | 1 | 2 | 3 | 4 | 5 |
| 3                                  | የህዝብ ግንኙነት ስለሚጠበቅ የጥያቄ ትናኦ ልግሎቻችንን እናስተዋወቃለን፡፡                       | 1 | 2 | 3 | 4 | 5 |
| 4                                  | የሚጠቀሙት ስልታችን በቀጥታ ከደንበኞቻችን ጋር ግንኙነት እንዲኖረን ይረዳናል                     | 1 | 2 | 3 | 4 | 5 |
| 5                                  | በተለያዩ የንግድ ትርጉሞች ላይ የጥያቄ ትናኦ ልግሎቻችንን ለሚሰጡ ለሚጠቀሙት ደረጃዎች ፡ ፡           | 1 | 2 | 3 | 4 | 5 |
| 6                                  | የሚጠቀሙት ስልታችን አዳዲስ ጥያቄ ትናኦ ልግሎቻችንን ለሚጠቀሙት ደረጃዎች ፡ ፡                   | 1 | 2 | 3 | 4 | 5 |
| <b>ከቦታ/ስር ጭነት ደጋጋሚ የተያያዙ ጥያቄዎች</b> |  |   |   |   |   |   |
| 1                                  | የቦታ አጠቃቀም ስልታችን ደንበኞች ጋር ለሚኖረው ስረድቶናል፡፡                              | 1 | 2 | 3 | 4 | 5 |
| 2                                  | የቦታ አጠቃቀም ስልታችን የደንበኞች ጥቅም ይያዝናል፡፡                                   | 1 | 2 | 3 | 4 | 5 |
| 3                                  | የቦታ አጠቃቀም ስልታችን ደንበኞቻችንን በሰዓቱ ለማግለጽ ልግሎቻችንን ያሳያል፡፡                   | 1 | 2 | 3 | 4 | 5 |
| <b>ከሂደቶች ጋር የተያያዙ ጥያቄዎች</b>        |  |   |   |   |   |   |
| 1                                  | የንግድ ቅደም ተከተላችን ውጤታማ ውጤት   | 1 | 2 | 3 | 4 | 5 |
| 2                                  | ጥያቄ ትናኦ/አግሎቻችንን በተገቢው ሰዓት ላይ ደንበኞቻችን እናደርሳለን                         | 1 | 2 | 3 | 4 | 5 |
| <b>ከህዝብ ጋር የተያያዙ ጥያቄዎች</b>         |  |   |   |   |   |   |
| 1                                  | የሰለጠነ ክህሎት ያለው ሰው ይሰጣል   | 1 | 2 | 3 | 4 | 5 |
| 2                                  | ስለንግድ አጠቃላይ እውቀት ያለው ሰው ይሰጣል   | 1 | 2 | 3 | 4 | 5 |
| 3                                  | ደንበኞችን የሚጠቀሙት ይሰጣል   | 1 | 2 | 3 | 4 | 5 |
| <b>ከሚጠቀሙት ስራዎች ጋር የተያያዙ ጥያቄዎች</b>  |  |   |   |   |   |   |
| 1                                  | የሥራ ስልታችን ደንበኞችን ይስባል  | 1 | 2 | 3 | 4 | 5 |
| 2                                  | የሥራ ስራ ውስጥ አቅም ስራዎችን ደንበኞችን ይስባል                                     | 1 | 2 | 3 | 4 | 5 |
| 3                                  | አግሎት የሚጠቀሙት ስራዎችን ጽሁፍ ወይንም ደንበኞችን ይስባል፡፡                             | 1 | 2 | 3 | 4 | 5 |





### Appendix III: SPSS Output

#### Correlations

|                   |                     | Product | Price  | Place  | Promotion | Process | People | Physical Evidence | Sales Performance |
|-------------------|---------------------|---------|--------|--------|-----------|---------|--------|-------------------|-------------------|
| Product           | Pearson Correlation | 1       | .181*  | .294** | .071      | .069    | .280** | .358**            | .286**            |
|                   | Sig. (2-tailed)     |         | .039   | .001   | .422      | .432    | .001   | .000              | .001              |
|                   | N                   | 131     | 131    | 131    | 131       | 131     | 131    | 131               | 131               |
| Price             | Pearson Correlation | .181*   | 1      | .136   | .140      | .199*   | .263** | .024              | .353**            |
|                   | Sig. (2-tailed)     | .039    |        | .123   | .112      | .023    | .002   | .784              | .000              |
|                   | N                   | 131     | 131    | 131    | 131       | 131     | 131    | 131               | 131               |
| Place             | Pearson Correlation | .294**  | .136   | 1      | -.111     | -.033   | .038   | .106              | .074              |
|                   | Sig. (2-tailed)     | .001    | .123   |        | .207      | .710    | .666   | .229              | .399              |
|                   | N                   | 131     | 131    | 131    | 131       | 131     | 131    | 131               | 131               |
| Promotion         | Pearson Correlation | .071    | .140   | -.111  | 1         | -.034   | .060   | .216*             | .237**            |
|                   | Sig. (2-tailed)     | .422    | .112   | .207   |           | .698    | .494   | .013              | .006              |
|                   | N                   | 131     | 131    | 131    | 131       | 131     | 131    | 131               | 131               |
| Process           | Pearson Correlation | .069    | .199*  | -.033  | -.034     | 1       | .388** | .358**            | .437**            |
|                   | Sig. (2-tailed)     | .432    | .023   | .710   | .698      |         | .000   | .000              | .000              |
|                   | N                   | 131     | 131    | 131    | 131       | 131     | 131    | 131               | 131               |
| People            | Pearson Correlation | .280**  | .263** | .038   | .060      | .388**  | 1      | .410**            | .524**            |
|                   | Sig. (2-tailed)     | .001    | .002   | .666   | .494      | .000    |        | .000              | .000              |
|                   | N                   | 131     | 131    | 131    | 131       | 131     | 131    | 131               | 131               |
| Physical Evidence | Pearson Correlation | .358**  | .024   | .106   | .216*     | .358**  | .410** | 1                 | .603**            |
|                   | Sig. (2-tailed)     | .000    | .784   | .229   | .013      | .000    | .000   |                   | .000              |
|                   | N                   | 131     | 131    | 131    | 131       | 131     | 131    | 131               | 131               |

|                   |                     |        |        |      |        |        |        |        |     |
|-------------------|---------------------|--------|--------|------|--------|--------|--------|--------|-----|
| Sales Performance | Pearson Correlation | .286** | .353** | .074 | .237** | .437** | .524** | .603** | 1   |
|                   | Sig. (2-tailed)     | .001   | .000   | .399 | .006   | .000   | .000   | .000   |     |
|                   | N                   | 131    | 131    | 131  | 131    | 131    | 131    | 131    | 131 |

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

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

### Coefficients<sup>a</sup>

| Model            | Unstandardized Coefficients |            | Standardized Coefficients | t     | Sig. | Collinearity Statistics |       |
|------------------|-----------------------------|------------|---------------------------|-------|------|-------------------------|-------|
|                  | B                           | Std. Error | Beta                      |       |      | Tolerance               | VIF   |
| 1 (Constant)     | 1.258                       | .335       |                           | 3.760 | .000 |                         |       |
| Product          | .010                        | .062       | .012                      | .168  | .867 | .763                    | 1.311 |
| Price            | .206                        | .057       | .237                      | 3.586 | .000 | .835                    | 1.198 |
| Place            | .001                        | .036       | .002                      | .033  | .974 | .870                    | 1.149 |
| Promotion        | .092                        | .057       | .104                      | 1.612 | .109 | .882                    | 1.134 |
| Process          | .086                        | .039       | .156                      | 2.231 | .027 | .749                    | 1.336 |
| People           | .171                        | .057       | .217                      | 3.017 | .003 | .705                    | 1.419 |
| Physical Evedece | .248                        | .044       | .425                      | 5.639 | .000 | .644                    | 1.552 |

a. Dependent Variable: Sales Performance

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

| Model | R                 | R Square | Adjusted R Square | Std. Error of the Estimate | Durbin-Watson |
|-------|-------------------|----------|-------------------|----------------------------|---------------|
| 1     | .742 <sup>a</sup> | .550     | .524              | .228                       | 1.478         |

a. Predictors: (Constant), Physical Evedece, Price, Place, Promotion, Process , Product, People

b. Dependent Variable: Sales Performance

**ANOVA<sup>a</sup>**

| Model        | Sum of Squares | df  | Mean Square | F      | Sig.              |
|--------------|----------------|-----|-------------|--------|-------------------|
| 1 Regression | 7.831          | 7   | 1.119       | 21.479 | .000 <sup>b</sup> |
| Residual     | 6.406          | 123 | .052        |        |                   |
| Total        | 14.237         | 130 |             |        |                   |

a. Dependent Variable: Sales Performance

b. Predictors: (Constant), Physical Evedece, Price, Place, Promotion, Process , Product, People