



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

**THE EFFECT OF MARKETING MIX STRATEGY ON PROFITABILITY OF**  
**SMALL AND MEDIUM FIRMS:**  
**EVIDENCE FROM MANUFACTURING SECTORS IN ADDIS ABABA AT**  
**GULLELE SUB-CITY**

**BY**  
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**JUNE, 2024**

**ADDIS ABABA, ETHIOPIA**

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**A THESIS SUBMITTED TO SCHOOL OF GRADUATE STUDIES OF ST. MARY'S  
UNIVERSITY IN PARTIAL FULFILLMENT OF THE REQUIRMENTS FOR THE  
DEGREE OF MASTERS IN MARKETING MANAGEMENT**

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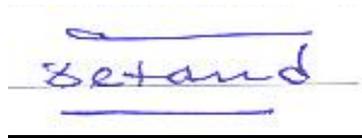
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## **Statement of Certification**

This is to certify that Eden Mekonnen has carried out her research work on the topic entitled “The Effect of Marketing Mix Strategy on Profitability of Small and Medium Firms: Evidence from Manufacturing Sectors in Addis Ababa at Gullele Sub city” is her original work and is suitable for submission for the award of Master’s Degree in Marketing Management.

A handwritten signature in blue ink, appearing to read "Getie Andualem", is written on a white background with a horizontal line above and below the signature.

**Getie Andualem (PhD)**

**(Advisor)**

**June, 2024**

## 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.

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

## **Acknowledgement**

First and foremost, I really would like to thank St. Michael for helping me reach this far and for giving me courage, motive and confidence to be able to accomplish my entire research work. Moreover, I would like to thank my thesis advisor Getie Andualem (PhD) for his support and prompt response so that I would be able to finish my work within the expected time schedule. My superior and utmost appreciation goes to my best friend Mekdes and my twin sister Meron for their outstanding assistance and encouragement they have given me every day so as to reach my goal. Last but not least, I would like to thank my dearest aunt Genet and my parents for the support and care they have showed me.

Eden Mekonnen

# Table of Contents

<b>Statement of Certification .....</b>	<b>ii</b>
<b>Declaration.....</b>	<b>iii</b>
<b>Acknowledgement .....</b>	<b>iv</b>
<b>List of Tables .....</b>	<b>x</b>
<b>List of Figures.....</b>	<b>xi</b>
<b>Acronyms .....</b>	<b>xii</b>
<b>Abstract.....</b>	<b>xiii</b>
<b>Chapter 1. Introduction.....</b>	<b>1</b>
1.1. Background of the Study.....	1
1.2. Statement of the Problem .....	4
1.3. Research Questions .....	6
1.3.1. Main Research Question .....	6
1.3.2. Sub Research Questions.....	7
1.4. Objectives of the Study .....	7
1.4.1. General Objective .....	7
1.4.2. Specific Objectives .....	7
1.5. Significance of the Study .....	7
1.6. Delimitation/Scope of the Study .....	9
1.7. Limitation of the Study .....	9

1.8.	Definition of Terminologies.....	10
1.9.	Organization of the Study .....	12
<b>Chapter 2.</b>	<b>Literature Review .....</b>	<b>14</b>
2.1.	Introduction.....	14
2.2.	Theoretical Reviews.....	14
2.2.1.	Definition of Marketing Strategy.....	14
2.2.2.	Approaches to Marketing Strategy Analysis .....	16
2.2.2.1.	The Rational Planning Approach .....	16
2.2.2.2.	The Resource-Based View .....	17
2.2.3.	Marketing Strategy Models.....	18
2.2.3.1.	Porter's Generic Competitive Strategies .....	19
2.2.4.	Dimensions of Marketing Strategy .....	20
2.2.4.1.	Market Segmentation.....	21
2.2.4.2.	Market Targeting .....	22
2.2.4.3.	Positioning .....	22
2.2.5.	Marketing Mix Strategy.....	22
2.2.5.1.	Elements of Marketing Mix Strategies.....	24
2.2.6.	Profitability .....	26
2.3.	Empirical Literature Review .....	27
2.4.	Conceptual Framework .....	31

2.5. Hypothesis Development .....	32
<b>Chapter 3. Research Design and Methodology .....</b>	<b>36</b>
3.1. Introduction .....	36
3.2. Description of the Study Area .....	36
3.3. Research Approach .....	36
3.4. Research Design/Type.....	37
3.5. Sampling Design .....	37
3.5.1. Target Population.....	38
3.5.2. Sampling Frame .....	38
3.5.3. Sampling Technique .....	39
3.5.4. Sample Size.....	40
3.5.5. Sampling Procedure .....	41
3.6. Data Sources and Types .....	42
3.7. Data Collection Instrument and Procedure .....	42
3.8. Validity and Reliability .....	43
3.8.1. Validity .....	43
3.8.2. Reliability.....	44
3.9. Data Analysis Methods .....	44
3.10. Ethical Considerations.....	44
<b>Chapter 4. Data Presentation, Analysis and Interpretation .....</b>	<b>46</b>

4.1.	Data Editing and Coding .....	46
4.2.	The Questionnaire Response Rate.....	46
4.3.	Testing of the Research Instruments .....	47
4.3.1.	Validity Test.....	47
4.3.2.	Reliability Test.....	48
4.4.	Descriptive Analysis .....	49
4.4.1.	Demographic Characteristics of the Respondents .....	49
4.5.	Correlation Analysis.....	52
4.6.	Regression Analysis .....	53
4.6.1.	The Assumptions for Testing Regression Analysis.....	53
4.6.1.1.	Test of Normality.....	55
4.6.1.2.	Multi-Collinearity.....	58
4.6.1.3.	Homoscedasticity of the Error Terms.....	59
4.6.2.	Multiple Linear Regression Analysis.....	60
4.7.	Discussion of the Result.....	66
<b>Chapter 5.</b>	<b>Summary of Major Findings, Conclusions and Recommendations .....</b>	<b>70</b>
5.1.	Summary of Major Findings .....	70
5.2.	Conclusion.....	72
5.3.	Recommendations .....	74
5.4.	Limitations and Suggestions for Future Research.....	75

<b>References</b> .....	<b>76</b>
<b>Appendices</b> .....	<b>i</b>
Appendix 1: English Version Questionnaire .....	i
Appendix II: Amharic Version Questionnaire.....	vi
Appendix III: SPSS Output.....	xiii

## List of Tables

Table 1: Sample sizes of the respondents from each manufacturing sector strum .....	41
Table 2: Questionnaire Response Rate .....	47
Table 3: Cronbach's Alpha Test for Reliability .....	49
Table 4: Demographic characteristics of the respondents .....	49
Table 5: Correlation Analysis .....	52
Table 6: Normality of Distribution Using Descriptive Statistics (Skewness and Kurtosis) .....	56
Table 7: Collinearity Statistics.....	59
Table 8: Model Summary for SME Profitability .....	61
Table 9: ANOVA of SMEs Profitability .....	62
Table 10: Summary of Coefficient on SMEs' Profitability.....	64
Table 11: Summary of Hypothesis Testing .....	69

## List of Figures

Figure 1: Conceptual Framework adapted from Emmanuel Ayuba & Roselyn (2014) with modification .....	32
Figure 2: Normal P-Plot.....	57
Figure 3: Histogram .....	58
Figure 4: Scatterplot.....	60

## Acronyms

<b>CCAAJCEIDB:</b>	City Government of Addis Ababa Job Creation and Enterprise Industry Development Bureau
<b>ANOVA:</b>	Analysis of Variance
<b>GTP:</b>	Growth and Transformation Plan
<b>SMEs:</b>	Small and Medium Scale Enterprises
<b>STP:</b>	Segmentation, Targeting and Positioning
<b>4Ps:</b>	Product, Price, Place and Promotion
<b>SD:</b>	Standard Deviation
<b>SPSS:</b>	Statistical Package for Social Science

## **Abstract**

*This study is aimed to examine the effect of marketing mix strategy on profitability of SMEs at Gullele sub-city. Hence, by taking the research objectives and questions into considerations, only quantitative research approach and explanatory research design was 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 112 owners and/or managers of SMEs' at Gullele sub-city. With a response rate of 82%, 92 questionnaires have been returned and were valid for data analysis. The quantitative data were analyzed by using both descriptive and inferential analysis. All the independent variables that is (product, price, place and promotion) have the significant correlation with the dependent variable (profitability). The multiple regression analysis indicated that, all the independent variables have positive and significant effect on the dependent variable.*

**Key words:** *Marketing Mix Strategy, Manufacturing Marketing Mix Strategy, Product, Price, Place and Promotion, Small and Medium Enterprises, Profitability.*

# **Chapter 1. Introduction**

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

Marketing mix mainly refers to the product, distribution, promotion and pricing strategies to produce and carry out exchanges and achieve the target markets. Marketing mix is an interrelated actions and solutions to meet consumer needs and to achieve the company's marketing goals, a whole (Sereikienė & Abromaitytė, 2013). It is a set of relevant factors and solutions that enable customers to meet the (national) needs and achieve the goals set by the company (Pruskus, 2015). Marketing is a complex range of marketing mix solution variables used in the company seeking to sell their goods and services (Singh, 2016).

Marketing strategy mainly states to the marketing goals and action plans that address matters of product/service, price, distribution, communication and also the process of new product development. Thus, it is generally defined as a strategy employed by a firm to attain its marketing objectives which in turn is related to the achievement of the firm's business objectives. Marketing strategy is one the most important areas that needs to be carefully examined by the corporate. A sound marketing strategy becomes imperative (NANDA & KHANNA, 2011).

A marketing strategy is a process that enables a company to use its limited resource to achieve maximum opportunities through increased sales and thereby giving an organization a competitive edge over other organizations. One of the main goals of any marketing strategy is to focus on customer satisfaction on one side and to channel organization energies and resources to increase sales and dominance in their market niche on another side (Sapuro, 2016).

Marketing strategy is about developing a good marketing mix which consists of Product, Price, Place/channel of distribution, Promotion and Person/process. The mix also involves selecting the target client/market which is about studying the client with respect to his/her buying motive and behavior, segmentation of the market using relevant bases, evaluating each of the segments and selecting the appropriate segment as target market (Assegdech Woldelul, 2004).

The study and practice of marketing have extended considerably from an emphasis on marketing as a functional management issue to a wider focus on the strategic role of marketing in overall corporate strategy (Kotler, 2000 & Sudharshan, 1995). This broadening of the marketing concept to include strategic as well as operational decisions has resulted in a linkage between marketing and strategic management. Managers around the globe are recognizing the increasing importance for the firm to develop marketing strategies to compete effectively in worldwide markets. The emergence of a more open world economy, the globalization of consumers' tastes and the development of a worldwide commercial web all have increased the interdependency and interconnections of markets across the globe (Furrer, *MARKETING STRATEGIES*, 2006).

Small and Medium enterprises play vital and significant role in most economies through generating employment, contributing to the growth of GDP, embarking innovation and stimulating other economic activities and the sector is back born of developed and developing nations around the world (Jayasekara, Fernando, & Ranjani, 2020)

Small and medium enterprises are the integral parts of industrial development and considered as the cornerstones of a vibrant entrepreneurial economy and social transformation especially in developing countries. The government of Ethiopia has given sizable recognition and credit for the expansion of these enterprises. However, due to various socioeconomic and political factors

including cumbersome bureaucratic procedures, they have been subjected to undergrowth, stagnation and disappearance (Seid, Lemessa, Debebe, & Lamesegen, 2020).

Small and Medium scale Enterprises (SMEs) are regarded as the engine of economic growth and equitable development in developing economies. Besides to relatively better sized businesses, Ethiopia's retail sector consists mostly of small shops, local markets and roadside stands in which many of its part are of the informal sector of the economy, which remained unregulated and untaxed. Investment legislation, passed in September 1998, allowed foreigners with permanent resident status to participate in retail and wholesale trade. Since then, retailing businesses become common in Ethiopia. Most big businesses in Ethiopia have started as small and Micro and have grown to their maturity over long period by cumulating capital and business management experiences. According to the study, there are enterprises that are graduating into medium size enterprises and contribute a lot for economic growth of the country though limited in number (Esubalew, 2017).

The importance of the Small and medium enterprises sector in Ethiopia, particularly for the low-income, poor and women groups, is evident from their relatively large presence and share in employment and small capital requirement. These are sufficient reason for governments and other stakeholders in development to be interested in micro and small enterprises. However, in the context of many developing countries, countries in transition in particular including Ethiopia, SMEs are also seen as an emerging private sector, forming the basis for private-sector-led growth. In Ethiopia, at the level of strategy and policy, these roles of SMEs have received recognition. They are seen as means of providing employment, alleviating poverty, ensuring food security and private sector development (Ageba & Amha, 2001).

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

The final goal of any business is to be successful and remain in business, profitably. It is fact that the success or failure of an organization depends on its marketing strategies. Marketing is a dynamic lesson and not just stuck at one point, so it's developing from time to time. Thus, marketers should be able to adjust to changing market condition through the major controllable and tactical elements of marketing mix i.e. product, price, place, and promotion (Weldegebriel, 2011).

Compared to large enterprises, small and medium enterprises face many unique challenges, including limited resources and lack of experience in conducting market research, lack of marketing skills and the tendency of limiting their marketing to selling within their own industry (Tang et al., 2005). The marketing function in SMEs is also hindered by constraints such as poor cash flow, lack of marketing expertise, business size, tactical customer related problems, and strategic customer-related problems (Marjanova and Stojanovski, 2012).

Marketing mix elements i.e. product, price, place, and promotion were significant joint predictors of business performance in term of profitability, market share, return on investment and expansion (Gbolagade, et al, 2013). Owomoyela et al, (2013) they establish significant relationship between price and business performance. The price you set for your product or service plays a large role in its marketability. The study also indicates that price consideration has a significant positive impact on business performance (Gbolagade, et al, 2013) and this researcher has proved placement consideration is seen to be another factor having an impact on business performance.

Studies have been done related to marketing strategies. For instance, Fikadu Tufa (2018) has studied "Marketing Strategies for Small and Medium enterprises and his work identified that all

the independent variables (the selected marketing strategies variables) have the significant effect on the small and medium enterprise performance but, the price is not. Each one has its unique contribution and effect to the performance of the small and medium enterprises businesses. This shows the importance of the marketing strategy no matter how small the business may be. (Gajanayake, 2010), investigated the impact of marketing strategies and behavior of SMEs on their business growth in Sri Lanka and established that there was no significant impact of marketing strategies on their business growth.

Although some organizations are helping SMEs to build their marketing knowledge, there is resistance on the part of many SMEs, mainly due to the low level of entrepreneurial awareness. In many cases people responsible for selling SMEs products are family members who are lacking general knowledge of marketing. Experience has shown that many SMEs refuse or struggle in attending training programs that would help them enhance their marketing skills. They consider attending training programs as a waste of time so rather they wish to give more emphasis on not missing a single daily sales opportunity. Many justifications can be given as to why SMEs do not like participating in training programs due to SMEs are not well informed of the benefits the training can bring to their business (Assegedech Woldelul, 2004).

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 challenge 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.

According to reports by Federal Small and Medium Manufacturing Industries Development Agency (FSMMIDA), as of 2021, more than 19,100 SMEs' are engaged in manufacturing alone nationwide. SMEs supported by FSMMIDA are operating under seven major business pillars in Ethiopia. SMEs generate the second largest employment channels for productive youth and households next to the agricultural sector and make significant contributions to the Ethiopian economy. However, they continue to face several challenges, the majority of which revolve around limited access to markets and finance.

Accordingly, SMEs owners and managers must have an open mind to accept, learn and acquire the unfulfilled skills. They must delegate authorities and responsibilities to those working under them. This will develop the entrepreneurial drive in the organization leading to innovation and successful growth. Also it will be helpful to beat external threats like competition, changing customer needs and technological advancement and government policies and so on (Pahurkar, 2016).

### **1.3. Research Questions**

#### **1.3.1. Main Research Question**

- How does the marketing strategies affect the profitability of Small and Medium Enterprises (SMEs) in Ethiopia?

### **1.3.2. Sub Research Questions**

The study will be tried to answer the following specific research questions:

- How does the product strategy affect the profitability of SMEs?
- How does the price strategy affect the profitability of SMEs?
- How does the distribution strategy affect the profitability of SMEs?
- How does the promotion strategy affect the profitability of SMEs?

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

### **1.4.1. General Objective**

- The general objective of the research is to determine the effect of marketing strategies on profitability of SME in Ethiopia.

### **1.4.2. Specific Objectives**

- To determine the effect of product strategy on the profitability of SME;
- To determine the effect of price strategy on the profitability of SME;
- To determine the effect of distribution strategy on the profitability of SME;
- To determine the effect of promotion strategy on the profitability of SME.

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

Small and Medium enterprises are important contributors to the overall development of nations alike and they are central to economic development in many countries. Their significance is paramount in developing countries in terms of job creation and poverty reduction. Thus, SMEs play a vital role in settling employment and they are an important foundation for social stability. Moreover, they foster innovation and play a critical role in supply chain systems, leading to rapid

industrialization and trade growth. SMEs are motivated by competition for the design of products, prices and efficiency. Without SMEs, large enterprises would hold a domination in almost all the activity areas. As a result, SMEs play a vital role in shaping a country's economy.

SMEs' manufacturers have to adopt with a digital footprint on which moneylenders can use to assess their solvency. This can help SMEs to access credit and other financial services that may have been out of reach before. In addition, if they associate more with e-marketing, it will increase customer trust and loyalty by offering secure and convenient payment options. This enables SMEs' to enhance their reputation and differentiate themselves from competitors.

Customers' more likely need to commerce which can reduce costs and inconveniences associated with traditional payment methods such as cash handling fees and transport expenses. SMEs not only have to promote their products at exhibition centers and at their point of sell places but most importantly, they have to relate themselves with e-marketing so as customers' can purchase a certain product online everywhere.

Policymakers who guide small and medium enterprises would take the study as a guide in crafting policy which has the best implications on SMEs.

As a result, the outcome of this study is advantageous to SMEs stakeholder and researcher who are focusing on the profitability of SMEs. It also serves as an input for policy maker for both organizations and individuals who are concerned with formulating SMEs marketing strategies. Likewise, the findings of the study might give the stakeholders in the area the opportunity to gain relevant information about the effect of marketing strategy on profitability of small and medium enterprises.

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

The study was delimited conceptually, geographically as well as methodologically. Thus, the study is attempted to examine the effect of marketing strategy that is, product, price, place and promotion on SMEs' profitability. The study was focused on SMEs' who are engaged in the manufacturing sector at Gullele Sub-City. Thus, by taking the research objectives, respondents and questions into consideration, 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 taken from Gullele Sub-City SMEs' Manufacturing Sector owner/manager which is limited to 112 from the total population of 156 SMEs' manufacturing enterprises.

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

The primary restriction of the study is that it is difficult to estimate the findings of the research in other sub-cities which are located in Addis Ababa. The other is that since it was conducted in SMEs' context, it is difficult to generalize the findings of the study to large enterprises and other areas. In addition, some respondents were unwilling, suspicious and hesitated to be helpful as the research might bring some kind of harm or loss to their business. Regardless that the study had some limitations, the researcher made an effort and gathered information needed to meet the study objectives and became certain that these limitations didn't have any significant interference with the overall result of the study.

## 1.8. Definition of Terminologies

**Marketing:-** Marketing, more than any other business function, deals with customers. Creating customer value and satisfaction are the heart of modern marketing thinking and practice. Marketing is the delivery of customer satisfaction at a profit. Marketing identifies unfulfilled needs and desires. The two fold goal of marketing is to attract new customers by promising superior value and to keep current customers by delivering satisfaction (Kotler, 2012).

**Strategy:-** Is the means by which an enterprise sets out to achieve its desired objectives (Kotler & Armstrong, 2006) . It is a plan, a "how," a means of getting from here to there, it is a pattern in actions over time; for example, a company that regularly markets very expensive products is using a "high end" strategy, it is position; that is, it reflects decisions to offer particular products or services in particular markets, it is perspective, that is, vision and direction (Mintzberg, 1994).

**Marketing Strategy:-** Marketing strategy is an organization's integrated pattern of decisions that specify its crucial choices concerning products, markets, 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 (Varadarajan, 2010).

**Marketing Mix:-** Marketing Mix (MM) is an integral part of a firm's marketing strategy sitting at the nexus between a company and the marketplace. Thus, it evolves together with the marketplace and its stakeholders (Wichmann, Uppal, Sharma, & G.Dekimpe, 2022).

**Product:-** It represents an item or service designed to satisfy customer needs and wants. To effectively market a product or service, it's important to identify what differentiates it from

competing products or services. It's also important to determine if other products or services can be marketed in conjunction with it (McCarthy, 1960).

**Price:-** The sale price of the product reflects what consumers are willing to pay for it. Thus, marketing professionals need to consider costs related to research and development, manufacturing, marketing, and distribution. Value-based pricing is primarily focused on consumers' perceived quality or value (McCarthy, 1960).

**Place:-** When determining areas of distribution, it's important to consider the type of product sold. Basic consumer products such as paper goods, often are readily available in many stores. However, premium consumer products are typically available only in select stores (McCarthy, 1960).

**Promotion:-** Refers to the deliberate effort to encourage customers to tell others about their services (Kotler & Armstrong, 2006). It includes advertising, sales promotion, personal selling and public relations and these joint marketing campaigns are called a promotional mix (McCarthy, 1960).

Promotion is very important for the success of every business as it helps to inform customers about the availability of new products or services in the market. Simultaneously, promotion contributes to the success of SMEs through its effects on sales and additionally helps to spread awareness of the products or services (Kanu, 2019).

## **1.9. Organization of the Study**

The thesis was structured into five 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 that is the general objectives and the specific objectives, hypothesis of the study, significance of the study, delimitation/scope of the study, limitation of the study and at the last, it also includes definition of terminologies.

- Chapter Two: Review of Related Literature

The second chapter is dealt with the review of existing literature so as to expound more on the concepts of the subject matter which are the theoretical, empirical and conceptual literatures with regard to the topic of the study.

- Chapter Three: Research Methodology

The third chapter offers the data about the techniques used in the thesis to provide a solution for the research questions. The methodology demonstrates research approach, research design, data analysis instrument, statistics evaluation method, validity and reliability last but not least the research ethics.

- Chapter Four: Data Presentation, Analysis and Interpretation

The fourth chapter will be presenting about the statistics on facts presentation and deliver information on data presentation, analysis, Interpretation and discussion of the findings of the study.

- Chapter Five: Summary, Conclusions and Recommendations

The last chapter will be dealt with the summary, conclusions and recommendations that were drawn from the overall findings of the study.

## **Chapter 2. Literature Review**

### **2.1. Introduction**

In this chapter, marketing strategy will be reviewed in detail which provides the issues regarding a perception into the area of the study. Accordingly, within this chapter, for the overall purpose of meeting the main research objectives, the three research results which are the theoretical, empirical as well as the conceptual literature will be reviewed critically.

### **2.2. Theoretical Reviews**

#### **2.2.1. Definition of Marketing Strategy**

Marketing strategy is a construct that lies at the conceptual heart of the field of strategic marketing and is central to the practice of marketing. It is also the area within which many of the most pressing current challenges identified by marketers arise (Morgan, et al., 2019).

The primary purpose of a marketing strategy is to effectively allocate and coordinate marketing resources and activities to accomplish the firm's objectives within a specific product market. Therefore decisions about the scope of a marketing strategy involve specifying the target-market segments to be pursued and the product line to be offered. Then, firms seek a competitive advantage and synergy, planning a well-integrated program of marketing mix elements (C.Walker, W.Boyd, & Larréché, 1992).

Marketing strategy is mainly indicated by the marketing objectives, customer and competitive perspectives and product/market momentum that is extrapolation of past performance to the future which form the basis of marketing strategy.

Marketing strategy is developed at the business unit level. Within a given environment, marketing strategy deals essentially with the interplay of three forces known as the strategic 3 C's: the Customer, the Competition and the Corporation. A good marketing strategy should be characterized by a clear market definition, a good match between corporate strengths and the needs of the market and in addition a superior performance which is relative to the competition in the key success factors of the business (C.Jain, 1993).

The term "Marketing Strategy" reflects the company's best opinion as to how it can most profitably apply its skills and resources to the marketplace. It is inevitable broad in scope. Marketing strategies are the means by which a company achieves its marketing objectives and are usually concerned with the 4 p's (McDonald, 2007).

Marketing strategy creates pathways to a desirable future. The output form such marketing strategy analysis and choice or strategic marketing decision is a marketing strategy statement (Furrer, Marketing Strategies, 1995).

In overall, a marketing strategy may be defined as a plan usually long term to achieve the organization's objectives by specifying what resources should be allocated to marketing and by specifying how these resources should be used to take advantage of opportunities which are expected to arise in the future. Thus, the marketing strategy is the way in which the marketing function organizes its activities to achieve a profitable growth in sales at a marketing mix level (Kotler, 1997).

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

### **2.2.2.1. The Rational Planning Approach**

Rational strategic planning has long been used as an instrument to improve financial performance. With the increasing complexity of the business environment, this positive impact has decreased. As a result, there have been several calls for more work focusing on investigating and understanding the strategic planning process and how it affects financial performance. Many recent studies suggest that a rational approach to strategic planning should be combined with an adaptive approach to build a hybrid approach that is better suited to the current dynamic and complex environment (Ouakouak, 2017).

Strong marketing strategies are clearly important to the effectiveness of an organization and so the effectiveness of marketing strategy making processes is an important consideration for both academics and practitioners. Various approaches have been made towards understanding and improving such processes. The direct outputs of marketing strategy making processes are marketing strategies. While definitions of marketing strategy vary, the literature seems to hold a strong consensus about the content of the marketing strategy. At its simplest, marketing strategy is agreed to have two necessary components which consists of a definition of the target 'market' and a statement of the 'product' or 'value proposition' aimed at that target. Researchers' efforts to prove or disprove the effectiveness of normative, rational, planning methods have a history almost as long as planning itself (Smith, 2002).

A firm's relative position within its industry determines whether a firm's profitability is above or below the industry average. The fundamental basis of above average profitability in the long run is sustainable competitive advantage. There are two basic types of competitive advantage a firm

can possess which are low cost or differentiation. The two basic types of competitive advantage combined with the scope of activities for which a firm seeks to achieve them, lead to three generic strategies for achieving above average performance in an industry which are cost leadership, differentiation and focus. The focus strategy has two variants which are cost focus and differentiation focus (Porter, 1985).

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

The origins of Resource Based View are based on distinctive abilities (core competencies), Penrose's (1959) firm growth theory and Ricardo's (1817) rent theory (J. B. Barney & Clark, 2007; Keskin et al., 2016, p. 298). The "resources approach" developed in Penrose's (1959) classic book "The Theory of Firm Growth" has had a significant impact on strategic management. Since early studies, the resource-based view that emerged in strategic management in the mid-1980s has been used extensively in many different disciplines, such as management and marketing, production management and supply chain. This view, which focuses on the effects of the resources that businesses have and their ability to use these resources on business performance and gaining competitive advantage, focuses on the characteristics of the resources and capabilities that companies should have to achieve permanent superior company performance and thus to achieve sustainable competitive advantage.

In marketing research, the resource-based view (RBV) or resource-based theory (RBT) is used extensively to explain and predict competitive advantage and performance outcomes (Kozlenkova et al., 2014). The resource-based view, which emerges from the fact that the performance differences between businesses cannot be explained only by the industry structure, focuses on the effect of businesses' resources and their ability to use these resources on performance. Specific

resources are insufficient for a firm to gain a competitive advantage. Andersén (2011) argues that a resource must meet a set of criteria for competitive advantage by emphasizing concepts such as managerial capabilities and marketing capabilities to create superior performance (Uyanik, 2023).

The resource-based view (Wade & Hulland, 2004) argues that firms possess resources, a subset of which enables them to achieve competitive advantage, and a further subset which leads to superior long-term performance (Barney 1991; Grant 1991; Penrose 1959; Wernerfelt 1984). Empirical studies of firm performance using the RBV have found differences not only between firms in the same industry (Hansen and Wernerfelt 1989), but also within the narrower confines of groups within industries (Cool and Schendel 1988). This suggests that the effects of individual, firm-specific resources on performance can be significant (Mahoney and Pandian 1992).

One of the key challenges RBV theorists have faced is to define what is meant by a resource. Researchers and practitioners interested in the RBV have used a variety of different terms to talk about a firm's resources, including competencies (Prahalad and Hamel 1990), skills (Grant 1991), strategic assets (Amit and Schoemaker 1993), assets (Ross et al. 1996), and stocks (Capron and Hulland 1999). This proliferation of definitions and classifications has been problematic for research using the RBV, as it is often unclear what researchers mean by key terminology (Priem and Butler 2001).

### **2.2.3. Marketing Strategy Models**

A marketing model is a mathematical representation of a marketing phenomenon. Marketing strategy models are models focused on strategic marketing problems. The main purpose of a marketing strategy model is to develop tools and insights for the formulation of marketing strategies. Marketing strategy models can be classified into three types which are descriptive

models, normative models and predictive models. Game theoretic models, which are based on normative behavioral assumptions, exist for analyzing competition in strategic marketing variables such as order and sequence of market entry, positioning, and defensive reactions and in strategic levels of product, price, distribution channels, and advertising. Empirical industrial organization models are models that focus on marketing strategy decisions through analysis of both demand consists of sales and market share and supply consists of pricing strategy and marketing allocation strategy functions are growing in popularity (Shankar, 2010).

#### **2.2.3.1. Porter's Generic Competitive Strategies**

##### **a) Cost Leadership**

In cost leadership, a firm sets out to become the low cost producer in its industry. The sources of cost advantage are varied and depend on the structure of the industry. They may include the pursuit of economies of scale, proprietary technology, preferential access to raw materials and other factors. A low cost producer must find and exploit all sources of cost advantage. If a firm can achieve and sustain overall cost leadership, then it will be an above average performer in its industry, provided it can command prices at or near the industry average (Porter, 1985).

##### **b) Differentiation**

In a differentiation strategy a firm seeks to be unique in its industry along some dimensions that are widely valued by buyers. It selects one or more attributes that many buyers in an industry perceive as important and uniquely positions itself to meet those needs. It is rewarded for its uniqueness with a premium price (Porter, 1985).

### c) Focus

The generic strategy of focus rests on the choice of a narrow competitive scope within an industry.

The focuser selects a segment or group of segments in the industry and tailors its strategy to serving them to the exclusion of others.

The focus strategy has two variants.

- In cost focus a firm seeks a cost advantage in its target segment,
- Differentiation focus a firm seeks differentiation in its target segment.

Both variants of the focus strategy rest on differences between a focuser's target segment and other segments in the industry. The target segments must either have buyers with unusual needs or else the production and delivery system that best serves the target segment must differ from that of other industry segments. Cost focus exploits differences in cost behavior in some segments, while differentiation focus exploits the special needs of buyers in certain segments (Porter, 1985).

#### **2.2.4. Dimensions of Marketing Strategy**

One of the key elements in determining a marketing strategy is to know the marketing mix. According to (Kotler, 2000), the service marketing mix consists of 4 elements: product, price, location and promotion and becomes 7 with additional elements such as: process, people and physical evidence.

The STP marketing model (Segmentation, Targeting and Positioning) model is useful when creating marketing communications plans since it helps marketers to prioritize propositions and then develop and deliver personalized and relevant messages to engage with different audiences. The three-step funnel consists of market segmentation, market targeting, and product positioning.

Today, the STP marketing model is a familiar strategic approach in modern marketing. It is one of the most commonly applied marketing models in practice, with marketing leaders crediting it for efficient, streamlined communications practice.

STP marketing focuses on commercial effectiveness, selecting the most valuable segments for a business and then developing a marketing mix and product positioning strategy for each segment.

#### **2.2.4.1. Market Segmentation**

By dividing the market into segments, marketing managers can acquire a better understanding of the needs and wants of customers. Hence, market segmentation is the actual process of identifying segments of the market and the process of dividing a broad customer base into sub-groups of consumers consisting of existing and prospective customers. Market segmentation is a consumer-oriented process and can be applied to almost any type of market. Segmentation is the identification of customer groups who share similar characteristics. This process has a number of advantages, and enables a marketing manager to design an effective plan for each segment. In dividing or segmenting markets, researchers typically look for shared characteristics such as common needs, common interests, similar lifestyles or even similar demographic profiles. So, market segmentation assumes that different segments require different marketing programs, as diverse customers are usually targeted through different offers, prices, promotions, distributions or some combination of marketing variables.

Once the customer segments have been identified and profiled, the marketer must decide which segment to target. Diverse customers will have different expectations. For instance, there may be customers who will value a differentiated, high quality service, whilst others may be more price-sensitive. Notwithstanding, not all firms have the resources to serve all customers in an adequate

manner. Trying to serve the entire market could be a recipe for disaster. The overall aim of segmentation is to identify high-yield segments. These are likely to be the most profitable groups of customers, or may hold potential for growth. Hence, the most lucrative segments will usually become target markets (Camilleri, 2017).

#### **2.2.4.2. Market Targeting**

Once the market segmentation has been completed, the business should be aware of the needs and wants of its selected segments. It is in the interest of the business to identify any untapped needs in the marketplace, as there could be customers who may not be adequately served by competitors. It is then necessary to identify the most profitable segments and to decide which segments will be served (Camilleri, 2017).

#### **2.2.4.3. Positioning**

The last stage in target marketing is product positioning. Consumers have different perceptions of products or services. Thus, business should underline their products' unique attributes, features and value propositions to differentiate themselves from other competitors in the marketplace. Therefore, marketers must build their positioning strategies to improve the customers' and prospects perceptions of their products (Camilleri, 2017).

#### **2.2.5. Marketing Mix Strategy**

The term marketing mix have been reviewed by different scholars at different years of study. (Goi, 2009), has reviewed the interpretations of different scholars. For instance, marketing mix is originating from the single P (price) of microeconomic theory (Chong, 2003). Borden (1965) claims to be the first to have used the term marketing mix and that it was suggested to him by

Culliton's (1948). McCarthy (1964) offered the "marketing mix", often referred to as the "4Ps", as a means of translating marketing planning into practice (Bennett, 1997). Marketing mix is not a scientific theory, but merely a conceptual framework that identifies the principal decision making managers make in configuring their offerings to suit consumers' needs. The tools can be used to develop both long-term strategies and short-term tactical programs (Palmer, 2004).

The idea of the marketing mix is the same idea as when mixing a cake. A baker will alter the proportions of ingredients in a cake depending on the type of cake he/she wishes to bake. The proportions in the marketing mix can be altered in the same way and differ from the product to product (Hodder Education, n.d). Marketing mix has been extremely influential in informing the development of both marketing theory and practice (Moller, 2006).

The main reasons the marketing mix is a powerful concept are it makes marketing seem easy to handle, allows the separation of marketing from other activities of the firm and the delegation of marketing tasks to specialists and the components of the marketing mix can change a firm's competitive position (Gronroos, 1994).

Marketing mix elements (i.e. Product, Promotion, Place and Price) were significant joint predictors of business performance in term of profitability, market share, return on investment, and expansion (Gbolagade, et al, 2013).

Overall, marketing mix used by a particular firm will vary according to its resources, market conditions and changing needs of clients. The importance of some elements within the marketing mix will vary at any one point in time. Decisions cannot be made on one element of the marketing mix without considering its impact on other elements (Low and Kok,1997). McCarthy (1960) pointed out that "the number of possible strategies of the marketing mix is so infinite.

### **2.2.5.1. Elements of Marketing Mix Strategies**

Marketing Mix has based on four elements;

#### **I. Product Strategy**

Product express what organization introduce to those audience who are dealing with it. It may be a services, goods, or utilities, the customer accept to have a complete production not only just a tangible goods or services but also others things which it connected to it. Thus, the development of production strategy requires making sure that the product which is introduced to the customer satisfy them. It include also the right choose for the brand, packing, grantee services and so on (Badi, 2015).

#### **II. Place Strategy**

Place strategy involves what the channels distributions have been used to deliver the products to the customers on time and the way of store and chose the sellers. Overall, there is no organization which has all strategy of place and market, therefore each organization focuses on strategic elements which have rather than others (Badi, 2015).

#### **III. Price Strategy**

Price is the amount of money that intended customers willing to pay to get a product or a kind of service. Price is the most flexibility element on Marketing Mix, it can change or be changed rapidly in short term more than others Ps. There are some prices which is changed daily like shares, gold prices, currencies prices and so on (Badi, 2015).

## **Pricing Methods**

### a) Cost Based

Costs effect on the price which is organization setting and most costs tend in raising constantly. The organization may face this raising in some way by keeping the price of product same with decreasing in product volume and reducing the price by using low cost materials, or increasing the price but in the same time modify the product to satisfy customers.

### b) Demand Based

The relationship between price and demand is controlled by the law of demand. So when demand is strong prices go up and when it is weak, the price goes down. The law of demand involves that customers normally buy more of items from the same product if its price goes down. This way based on marketing researching to assess the needful of that product and which price should be on each period of product line.

### c) Competition Based

Consider the price of the other competitors, and may not consider about the changing on cost or demand unless these changing effect on competitors prices. There are two pictures of pricing based on competition:

**Price Leadership** - Expresses about those organization which have the large share in the market and good trade market and have the respecting other competitors.

**Competitive Bidding** - Expresses two or more organization competition to win a bidding.

#### **IV. Promotion Strategy**

It is the communication process between the customer and the product or service. It is what the promotions try to tell target customer about the product, and it's the way to make customer aware about the product. Promotion includes all the weapons in the marketing armory which consists of advertising, selling, sales promotions, public relations and so on. While the other three P's have lost much of their meanings in today's markets, Promotion has become the most important P in order to focus on. (Dibb, Simkin, M.Pride, & O.C.Ferrell, 2000)

##### **2.2.6. Profitability**

A proper marketing strategy allows the company's management to choose between several investments and not lose the opportunity cost. Thus, company's management has to concentrate on marketing strategy management to avoid losing profitable projects because it has to balance a high level of marketing and sales expenses. A marketing strategy is a firm's overall plan for reaching prospective consumers and turning them into permanent customers of their services or products (Shubita, 2023).

(Gavalas & Syriopoulos, 2019) Investigated whether sales expenses increased more than profits decrease when operations decrease equally. The study revealed that total labor costs had a lower level of stickiness, but sales and marketing expenses still had stickiness.

(Bosch et al., 2017) considered cost stickiness between current income and future sales revenue and found that changes in current firm profits and expected sales revenue increase when sales revenue drops.

Sticky costs exist because the sales and marketing expenses rise by 0.9% for every 1% increase in sales revenues and decrease by only 0.9% for every 1% decrease in sales (Subramaniam & Watson, 2016).

### **2.3. Empirical Literature Review**

(Kanu, 2019) Has studied an empirical investigation into the marketing practice of SMEs'. So the study adopted a mixed method approach employing both qualitative and quantitative methods and used both probability (stratified random sampling) and non-probability (snowball and purposive) sampling) techniques. The primary data collection was done using interviews and self-designed questionnaire. The results of the study is recognized as the principal drivers of job creation, gross domestic product growth and entrepreneurship (Karadag, 2016; McCartan-Quinn & Carson, 2003) and are the backbone of many economies. In addition, the results of the study has indicated that research on the marketing activities in this sector is scarce. Thus, there is a need to investigate the marketing activities of SMEs in Sierra Leone. Pearson's Correlation Coefficient Analysis was done so as to determine the relationship between marketing management practices and SMEs performance and since the marketing variables did not meet the reliability criteria, factor analysis approach was used to create new constructs.

(Pahurkar, 2016) Has studied the problems faced by SME's for strategic development. Thus, the results of the study has indicated that SME sector has direct connection with the economic development of various countries around the world. Hence, it's important to boost up SME sector and all future improvements in SME sector are possible to implement by understanding the functioning mechanism of SME's. In his study, the empirical analysis of functionality of SME's has been supportive for further policy making and promotions of SME's. The findings of the study

has concluded that if SME's standardize their business operations with more professionalism, then it will create the responsibility and authority among all stakeholders. Hence, successful growth of SME's will be depending upon the broader and deeper skills in the area of marketing and SME's owners and managers must have an open mind to accept, learn and acquire the unfulfilled skills so that they would develop the entrepreneurial drive in the organization which leads to innovation and successful growth.

(Franco-Ángel, 2022) Has studied the analysis of marketing strategy in Small-and-Medium-sized Colombian Enterprises. Her study analyzed the marketing strategy implemented in SMEs and a case study was carried out with eight Colombian manufacturing companies with more than ten years of creation and more than fifty employees. The result of the study shows that these companies neither follow traditional marketing models nor do they have formal and structured processes. Instead, their marketing strategy is based on understanding their customers with whom they have a close relationship by developing innovative products that meet their needs and structuring their costs to offer a competitive price and constantly communicating the value they generate to the market. This study has used a qualitative research method consisting of a multiple case study of 12 Colombian SMEs located in the city of Cali which is belonging to the manufacturing sector, given the opportunity to generate results that allow comparisons to be made. For data collection method, primary source that is interviews were conducted by considering that they are one of the most suitable tools for mapping individual behavior.

(Chigbata, Chukwunonso, & Ifeanyi, 2020) Has studied the marketing strategy and performance of small and medium Enterprises (SMEs) in Anambra State, Nigeria. The study assesses the association that exist between marketing strategy and performance of Small and Medium

Enterprises (SMEs) in Anambra State. The study determined the association between the product strategy, promotion strategy and performance of SMEs in Anambra State. This study adopted a descriptive survey research design and Cochran's equation of infinite population was adopted. Pearson correlation coefficient was used to test the hypotheses with aid of SPSS version 20. The correlation result study revealed that product and promotion marketing strategies have a positive and significant relationship with the performance of SMEs in Anambra State.

(Ramsey, 2012) carried out a study among SMEs marketing strategies on the impact of internet based technologies on the customer relationship management (CRM) activities. The methodology involved mixed methods approach incorporating an online questionnaire, qualitative in-depth interviews and projective techniques were adopted. The findings of the study showed that to a varying extent, SMEs were adopting relatively simple internet based technologies to improve customer communication and information management capabilities and to create competitive advantage through a customer relationship management. One of the major marketing mix that many researchers assessed is Promotion. The aim of their assessment was to confirm if there is any connection between promotion and market share and to determine how proper promotion would raise profit and sales.

Subsequently, In Ethiopian context, a few empirical literature has been conducted and among them a few has mentioned underneath.

(Desta & Amantie, 2023) Has studied the role of marketing strategy on market performance: A Study on Small and Medium Enterprises in Ethiopia, Jimma Town. The findings of the study has revealed that, a well-defined marketing strategy leads to an increase in the business market performance. The result of this study shows that product strategy has a great role in the market

performance of small and medium enterprises in terms of profitability, increase sales, customer satisfaction, market expansion, and so on. The findings also discovered that price strategy has an important on business market performance by providing the right pricing approach which is essential to remain competitive. The effect of promotion strategy on performance is very significant. In addition, the study findings show that the STP strategy has a significant role in the market performance of SMEs.

(Srinivasan & Adaro, 2018) Has studied the effect of marketing mix strategy on MSE's sales performance-Gamo region, Ethiopia. The study was designed as descriptive research to investigate the effects of marketing strategies on sales performance of MSEs in Merab Abaya. The study was employed both primary and secondary data. A descriptive analysis was presented about the effect of marketing mix strategies on sale performance of MSEs in Merab Abaya town, Gamo region, Ethiopia. Based on findings of the study, the product strategy plays a significant role on sales performance of MSE's. The place strategy got more prominent role in increasing sales performance than all other strategies.

(Kenu, 2020) Has studied the effect of marketing mix strategy on performance of SMEs, evidence from selected manufacturing enterprises in Southern Region, Ethiopia. The study used causal research design to revealed cause and effect relationship of variables. In the context of this study, product, price and promotion strategies were found significantly and positively related with performance of enterprises. However, place strategy in contrast was found negatively related with SMEs performance. Thus, the researcher has recommended that Small and medium manufacturing enterprises should be produced goods with new design, feature and variety and make capable to perform and give additional service.

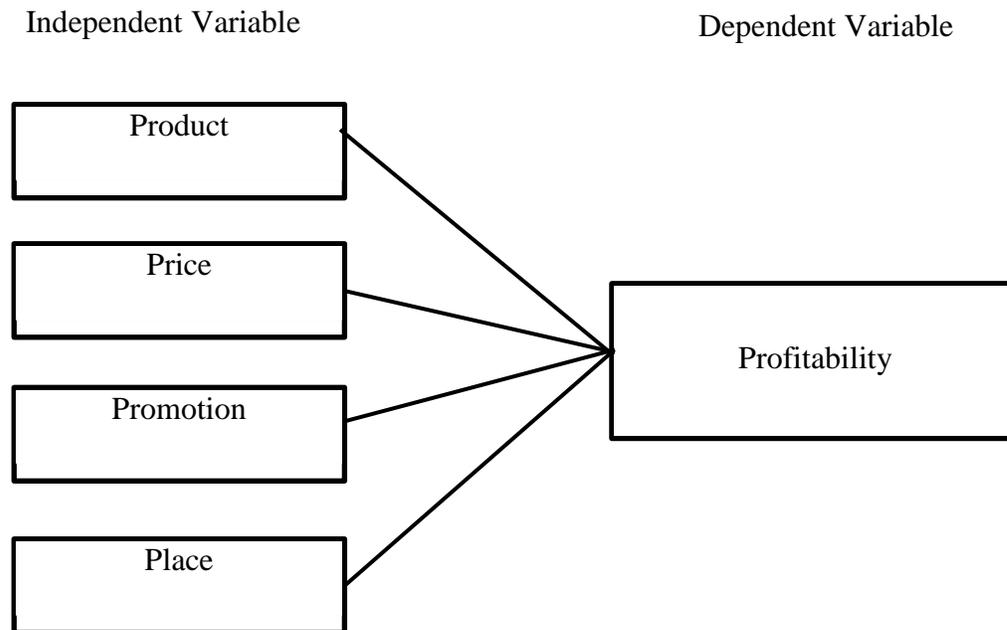
(Hailu & Woldemariam, 2019) Has studied the Market Orientation in Small and Medium Enterprises: Determinants and Implications for Enterprise Development, Evidence from Addis Ababa, Ethiopia. Thus, the study considered a mix of descriptive and cause-effect designs and have tried to describe marketing/market orientation of SMEs in selected sub cities of Addis Ababa City Administration. The study utilized both primary data and secondary data. The primary data were collected through standardized questionnaire where the secondary data have included reports and census surveys conducted at Addis Ababa and sub-city levels. The data were gathered from owner-managers and/or hired managers of the sample SMEs. The data collected were processed through SPSS, and analyzed by using descriptive and inferential statistics. The findings of the study has indicated that market orientation and its constructs have strong and significant relationships with the indicators of SMEs' performance.

## **2.4. Conceptual Framework**

A conceptual framework is primarily based on key findings from the literature review of the marketing strategy research. It provides clarification for building the study framework and creating the hypothesis. The purpose of a conceptual framework is to serve as a scheme for organizing and categorizing knowledge and thereby help researchers in developing theories and hypotheses and conducting empirical studies.

A conceptual framework helps to identify and clarify what you know, care about and value as central aspects of a study and then to connect these with the various other aspects of and influences on your research (Ravitch & Riggan, 2012).

The conceptual framework in fig1 below shows the variables of the study which include marketing mix strategies (product, price, promotion and place strategy) as the independent variable that affects profitability (dependent variable).



*Figure 1: Conceptual Framework adapted from Emmanuel Ayuba & Roselyn (2014) with modification*

## 2.5. Hypothesis Development

### Product Strategy towards SME Profitability

Kotler (2002) defines a product as it is everything that can be offered to a market to fulfill a need or desire. Product Development (PD) is often described as a form of meta-competence in the literature, as it is thought to influence many other competences in the firm (Harmsen et al., 2000). The importance of (PD) for renewal, growth, and survival of the firm has created incentives for researchers in different fields and disciplines to study this activity. More specifically, PD is

important since it contributes to competence building, product differentiation and firm renewal (Bounfour, 1999; Harmsen et al., 2000) but also to competitiveness and growth of the firm (Clark and Fujimoto, 1991; Cooper & Kleinschmidt, 1991; Griffin, 1997; Bogue, 2001). Product Development (PD) in Small and Medium-sized Firms (SMEs) is a long-neglected research area and little cumulative work has been conducted (Hörte, Barth, Chibba, & Florén, 2008). Accordingly, based on these evidences the following hypothesis has been developed.

H1: Product strategy has positive and significant effect on profitability of SMEs.

### **Place Strategy towards SME Profitability**

Locations of small and medium enterprises (SMEs) play a crucial role in determining their survival. SMEs accumulations are often due to natural resource endowments and types of business climate in their environment. The amoebic nature and economic roles they play have made them the bedrock of the micro economy in most economies (Banwo, Du, & Onokala, 2017). Location of the business become one of the key factors that giving huge effect to the business itself. Thus, while choosing site to run an establishment, entrepreneurs/businessman need to consider several factors such as an easy access to reach, visibility, traffic, large parking area, expansion area in the future and so on (Bonaventura Efrian and DR. Y. Sugiarto PH, SU, 2012). Accordingly, based on these evidences the following hypothesis has been developed.

H2: Place strategy has positive and significant effect on profitability of SMEs.



Accordingly, the following hypotheses were formulated and tested to answers the research questions:

H1: Product strategy has positive significant effect on the profitability of SME;

H2: Price strategy have positive significant effect on the profitability of SME;

H3: Distribution strategy have positive significant effect on the profitability of SME;

H4: Promotion strategy have positive significant effect on the profitability of SME.

## **Chapter 3. Research Design and Methodology**

### **3.1. Introduction**

The research methodology which is used to describe the research approach, research design/type, sampling design, source of the data, data collection method, data collection instrument, method of data analysis, validity and reliability and the research ethics followed will be briefly discussed within this chapter.

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

The research was carried out in Addis Ababa city at Gullele sub-city in the manufacturing sector of SMEs. Hence, in the manufacturing sector there are different sub-sectors which produce different products such as leather products, garment and textile processing and metal and wood works.

### **3.3. Research Approach**

There are three basic type of research approaches; quantitative, qualitative, and mixed approach.

When collecting and analyzing data, quantitative research deals with numbers and statistics, while qualitative research deals with words and meanings while both research methods are important for gaining different kinds of knowledge.

Qualitative research often focused on answering the “why” behind a phenomenon, correlation or behavior whereas the quantitative data are analyzed numerically to develop a statistical picture of a trend or connection.

Quantitative research is expressed in numbers and graphs. It is used to test or confirm theories and assumptions. This type of research can be used to establish generalizable facts about a topic.

Common quantitative methods include experiments, observations recorded as numbers, and surveys with closed-ended questions (Streefkerk, 2023).

By taking the research objectives, respondents and questions into considerations, quantitative research approach was used in this study. A quantitative research method explain an issue or phenomenon through gathering data in numerical form and analyzing with the aid of mathematical methods particularly in statistics (Aliaga & Gunderson, 2002).

A quantitative research approach was used so that it is appropriate to test relationships using the hypothesis and research questions (Zikmund, 2003).

### **3.4. Research Design/Type**

The research design is intended to provide an appropriate framework for a study. A very significant decision in research design process is the choice to be made regarding research approach since it determines how relevant information for a study will be obtained (Aaker A, 2000).

Kumar (2011), stated that explanatory research make clear the relationship between two factors of a state of affairs or phenomena. Hence, in this study the explanatory research design was selected out on account as it examines the effect of the predictors (marketing strategies) on the structured variable (profitability).

### **3.5. Sampling Design**

Sampling refers to the process of selecting individuals from a larger group of people and drawing conclusion that are “an accurate representation of how the larger group of people acts or what they believe” (Frankel & Wallen, 2006). Thus, a researcher employs sampling strategies in order to generate statistics and generalize findings to a larger population.

Consequently, the target population, sampling frame, sampling technique, sample size and last but not least the sampling procedure of the study are discussed underneath.

### **3.5.1. Target Population**

General population can be defined as an entire group about which some information is required to be ascertained and it is the largest group of potential participants of a qualitative study (Banerjee & Chaudhury, 2010).

Participants in the general population must share at least a single attribute of interest (Bartlett et al., 2001; Creswell, 2003).

General population is probably what is universally known and specified by researchers, though it makes little sense without being specified alongside target and accessible population.

Consequently, in this study the target populations have been registered/licensed from the City Government of Addis Ababa Job Creation and Enterprise Industry Development Bureau on Manufacturing Industry Sector at Gullele Sub-City which are registered as 156 SMEs.

### **3.5.2. Sampling Frame**

A sample frame identifies discrete respondents or observational entities along with their contact information (Sarndal et al. 2003). Hence, the sampling frame for this research was designed from City Government of Addis Ababa Job Creation and Enterprise Industry Development Bureau list of the registered SMEs' at Gullele sub-city Manufacturing Sector Enterprises which are registered as 156 SMEs. Thus, in this sector, leather products, garment and textile processing and also metal and wood works are the sub-sectors.

### 3.5.3. Sampling Technique

Sampling strategies should identify inclusion and exclusion criteria to set boundaries on what item is selected and what is not selected from a given population of study. To be fair, unbiased and to give each item in a given population an equal chance of being selected, most researchers go for the scientific method of random sampling which sometimes for practical purposes is unlikely and idealistic (Mweshi & Sakyi, 2020).

Accordingly, in this study, the stratified and purposive sampling techniques were used in combination. In a stratified sample, researchers divide a population into homogeneous subpopulations called *strata* (the plural of *stratum*) based on specific characteristics that is race, gender, location and so on. Every member of the population studied should be in exactly one stratum. Researchers rely on stratified sampling when a population's characteristics are diverse and they want to ensure that every characteristic is properly represented in the sample. This helps with the generalizability and validity of the study, as well as avoiding research biases like under coverage bias. As a result, the researcher choose stratified sampling technique for this study. Thus, the strata in study are 3 sub-sectors which constitutes leather products, garment and textile processing and also metal and wood works.

Besides to the stratified sampling technique, purposive sampling technique which is also referred to as a judgmental or selective sample was used in the study where purposive sampling is a technique in which the person conducting the research relies on their judgment to choose the members who will be part of the study thus participants are being chosen on purpose but not randomly.

### 3.5.4. Sample Size

From the total population, appropriate sample size is selected by applying sample size determination of (YAMANE, 1973). Thus, to get a representative sample for the population, (YAMANE, 1973) finite and large population sample size formula with 95% confidence level was employed. Hence, the sample size for this study is given by;

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

Where n = desired sample size,

N = total population (total number of small and medium enterprises),

e = margin of error (0.05).

Based on the data acquired from the City Government of Addis Ababa Job Creation and Enterprise Industry Development Bureau, in the Gullele Sub-City there is whole variety of 156 Manufacturing Enterprises. These includes leather products (26), garment and textile processing (69), metal and wood works (61). As a result, based on the above formulation the sample size of the study is 112 SMEs.

$$n = \frac{156}{1 + 156(0.05)^2} = 112$$

*Table 1: Sample sizes of the respondents from each manufacturing sector stratum*

No.	Strata (S)r	Total No. of SME in Manufacturing Sector	Sample from each $n_i=(N_i/N)*112$
1	Leather Products	26	19
2	Garment & Textile	69	49
3	Metal & Wood works	61	44
	<b>Total</b>	<b>156</b>	<b>112</b>

### **3.5.5. Sampling Procedure**

The researcher was targeted the registered Small and Medium Enterprises owners and/or managers operating at Gellele sub-city in Addis Ababa. Accordingly, from the total population of 156 SMEs in 3 sub-sectors, 112 have taken as the sample size. In the study, the researcher was used stratified sampling technique so as to make sure all the varieties of groups in the sampling frame are to be surveyed. Hence, by using this technique the researcher grouped the SMEs into homogenous groups (strata/sub-sector) which constitutes leather products, garment and textile processing and also metal and wood works. Following the categorization of the population in SMEs into homogenous groups, the researcher has engaged proportionate stratified sampling technique so as 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. Consequently, the non-probability method which is purposive sampling technique has used in the study as it helps to capture the estimation and judgments of management/owners of the SME close to the marketing

strategies. Hence, the purposive sampling technique has been employed to select the respondents among the strata just not randomly but has been chosen based on the purpose of the judgments of the researcher.

### **3.6. Data Sources and Types**

The study has used both primary and secondary sources of data. The major source of facts were interviews and responses gathered from the owner/manager of SMEs. Alternatively, the secondary source of data were reports and evidences collected from specific books, journals, articles, magazines, documents and distinct reviews of SMEs so as to guide the main data.

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

A questionnaire is a document designed with the purpose of seeking specific information from the respondents. Hence, a questionnaire is cheap to produce and administer and also it can reach large numbers within limited amount of time (Sansoni, 2011). In accordance, the study was based on principal facts which gather on self-administrated questionnaire. The questionnaire was designed in line with the find out and it shapes into three parts. Thus, the first part of the questionnaire was confronted with acquiring some demographic and usual statistics about the respondents and enterprises. While, the second part has investigated the marketing strategy dimensions which are product strategy, price strategy, place strategy and promotion strategy. The third part of the questionnaire has been dealt with the relation between marketing strategy and profitability performance measurements in SMEs' and the questions had been structured in close-ended questionnaire and responses so as to make it direct and easily understandable by the respondents and also with the aim of reaching large numbers in limited time.

Accordingly, the questions was measured by means of Likert scale of 5 ranking scale where Strongly Agree (SA) =5; Agree (A) =4, Neutral (N) =3, Disagree (DA) = 2; and Strongly Disagree (SDA) =1. The questionnaire was first draft in English language and then it has being translated into Amharic language based on the samples of the study of SMEs owners/or managers have limited educational background and also to attain the reliable facts from the respondents.

### **3.8. Validity and Reliability**

Key indicators of the quality of a measuring instrument are the validity and reliability of the measures. The process of developing and validating an instrument is in large part focused on reducing error in the measurement process (Kimberlin & Winterstein, 2008). Validity refers to the extent that the instrument measures what it was designed to measure where reliability refers to the extent that the instrument yields the same results over multiple trials. Consequently, in this study the reliability and validity have been examined as follows.

#### **3.8.1. Validity**

Validity tests the interpretation of study instruments and refers to whether they measure what they have been reported to be measuring, as supported by evidence and theory in the topic area of investigation (Clark & Watson, 2019). There are three sorts of validity: content validity, predictive validity and assemble validity. The Content validity evaluates how well an instrument covers all relevant parts of the construct it aims to measure. Accordingly, in this study in order to guarantee the validity of the research instrument, a variety of applicable literatures and special preceding research questionnaires was used.

### **3.8.2. Reliability**

Reliability denotes to the consistency of a measure. It refers to the reproducibility of the study results, should the same measurement instruments be applied in different situations (Revelle & Condon, 2019). Thus, in this study, the reliability of the tool in the instrument was used by Cronbach's alpha.

### **3.9. Data Analysis Methods**

The primary fact to be gathered on self-administrated questionnaire was analyzed by using each descriptive and inferential analysis. In order to proceed, Statistical Package for Social Sciences (SPSS) software version 20 was employed. As descriptive statistics employed percentage and frequency, it was used mostly to summarize the demographic and general data of the respondents and enterprises. On the other hand, 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. As a result, in this study, different types of inferential statistics were applied. Thus, the Pearson Correlation was used to discover the relationship between marketing strategy and profitability performance variables. Similarly, a multiple of regression analysis was to measure the magnitude effect of marketing strategy on profitability of SMEs'. Lastly, the quantitative facts was presented in the form of tables, graphs and charts as desired so as to make all the statistics explicable and vibrant.

### **3.10. Ethical Considerations**

Research ethics provides guidelines for the responsible conduct of research. It educates and monitors scientists conducting research to ensure a high ethical standard. As a result, this study was governed by the general rules of research ethics that the respondents are requested to provide

information on voluntary basis thus privacy and confidentiality of the information was assured.  
Lastly, the questionnaires was distributed solely to voluntary participants.

## **Chapter 4. Data Presentation, Analysis and Interpretation**

The main objective of the study was to examine “The Effect of Marketing Mix Strategy on Profitability of Small and Medium Firms” by formulating hypothesis with the four independent variables. Accordingly, in order to meet the objective of the study, the data that were gathered from the primary source by using questionnaire was analyzed, presented and interpreted underneath.

### **4.1. Data Editing and Coding**

Once the primary data was collected, prior to the analysis, the questionnaire was reviewed and it was to confirm that if questionnaires were filled correctly and 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”, was performed in this research (Rubin & Babbie, 2010).

### **4.2. The Questionnaire Response Rate**

The questionnaires were physically distributed to SMEs owners and/managers of SMEs’ operating in Addis Ababa at Gullele sub-city. According (Rubin & Babbie, 2010), a response rate of 70% is “Very Good” for further assessment. Therefore, in this case, the response rate of 82% is significant.

**Table 2: Questionnaire Response Rate**

<b>No.</b>	<b>Questionnaire Response Rate</b>	<b>No. of Questionnaire</b>
<b>1</b>	Sample size	112
<b>2</b>	Collected	100
<b>3</b>	Remain uncollected	12
<b>4</b>	Discarded	8
<b>5</b>	Usable	92
	<b>Response Rate</b>	<b>82%</b>

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

Before undertaking the analysis to examine the effect of the dependent (Profitability) variables on the independent (4Ps) 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 refers to the degree to which an assessment instrument is relevant to and representative of the targeted construct it is designed to measure. Content validation, which plays a primary role in the development of any new instrument, provides evidence about the validity of an instrument by assessing the degree to which the instrument measures the targeted construct (Anastasia, 1988). Its determination is primarily judgmental and intuitive. Content validity can 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 and understandability, the English version questionnaire has being translated into Amharic language. Additionally, the researcher have conducted a pilot test of the questionnaire among the owners and/or managers of 7 SMEs' 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 SMEs' and instructors in order to enhance the research instrument validity.

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

In simple terms, Reliability refers to whether or not we get the same answer by using an instrument to measure something more than once. Hence, reliability is the degree to which a research method produces stable and consistent results. A specific measure is considered to be reliable if its application on the same object of measurement number of times produces the same results.

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's alpha result of the 25 items in the study (6 product, 4 price items, 5 place items, 5 promotion item and 5 profitability items) was 0.938 which is higher than the minimum alpha value set as acceptable (i.e. 0.70). The Cronbach's alpha result of each item used in the questionnaire is shown underneath in the table.

<b>Reliability Statistics</b>		
	<b>Cronbach's Alpha</b>	<b>No. of Items</b>
Product	<b>0.852</b>	6
Price	<b>0.753</b>	4
Place	<b>0.728</b>	5
Promotion	<b>0.821</b>	5
Profitability	<b>0.873</b>	5
<b>Overall Reliability</b>	<b>0.938</b>	25

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

#### **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 tried to consider some of them which have association to the study. Therefore, the demographic characteristics of gender, age, educational background, sector of the enterprise, experience, type of the enterprise, number of employees, employees' status, total amount of capital, place of the organization and the volume to use marketing strategy are emphasized.

*Table 4: Demographic characteristics of the respondents*

		<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
Gender	Male	53	57.6	57.6	100.0
	Female	39	42.4	42.4	42.4
	Total	92	100.0	100.0	
Age	18-30 years	25	27.2	27.2	27.2
	31-45 years	51	55.4	55.4	82.6
	46-60 years	12	13.0	13.0	95.7

	Above 60 years	4	4.3	4.3	100.0
	Total	92	100.0	100.0	
Education	Illiterate	3	3.3	3.3	65.2
	Primary School	13	14.1	14.1	79.3
	Secondary School	19	20.7	20.7	100.0
	College/TVET	24	26.1	26.1	26.1
	First Degree or more	33	35.9	35.9	62.0
	Total	92	100.0	100.0	
Sector	Leather products	17	18.5	18.5	64.1
	Garment & Textile	42	45.7	45.7	45.7
	Metal & Wood works	33	35.9	35.9	100.0
	Total	92	100.0	100.0	
Experience	1-2 years	7	7.6	7.6	7.6
	3-4 years	13	14.1	14.1	21.7
	5-6 years	36	39.1	39.1	60.9
	7-8 years	6	6.5	6.5	67.4
	9-10 years	11	12.0	12.0	79.3
	Above 10 years	19	20.7	20.7	100.0
	Total	92	100.0	100.0	
Type	Small	55	59.8	59.8	100.0
	Medium	37	40.2	40.2	40.2
	Total	92	100.0	100.0	
No. of Employees	1-5 Employees	31	33.7	33.7	33.7
	6-10 Employees	23	25.0	25.0	88.0
	11-15 Employees	10	10.9	10.9	44.6
	16-20 Employees	17	18.5	18.5	63.0
	Above 20 Employees	11	12.0	12.0	100.0
	Total	92	100.0	100.0	
Employees' Status	Full time	28	30.4	30.4	38.0
	Part-time	1	1.1	1.1	78.3
	Piece-rate	8	8.7	8.7	100.0
	Temporary	3	3.3	3.3	3.3
	Casual workers/Day labors	3	3.3	3.3	45.7
	Full time & Commission Workers	7	7.6	7.6	65.2
	Full time & Piece-rate	10	10.9	10.9	76.1
	Full time & Temporary	1	1.1	1.1	77.2
	Full time, Temporary & Casual workers/Day labors	4	4.3	4.3	42.4
	Full time & Casual workers/Day Labors	4	4.3	4.3	7.6
	Commission Workers	11	12.0	12.0	57.6

	Full time & Part-time	12	13.0	13.0	91.3
	Total	92	100.0	100.0	
Capital	Less than 50,000 ETB	3	3.3	3.3	60.9
	Between 50,000-100,000 ETB	29	31.5	31.5	57.6
	Between 100,0001-200,000 ETB	24	26.1	26.1	26.1
	More than 200,000 ETB	36	39.1	39.1	100.0
	Total	92	100.0	100.0	
Place	Same	53	57.6	57.6	100.0
	Different	39	42.4	42.4	42.4
	Total	92	100.0	100.0	
Marketing Mix Strategy	Very Great Volume	19	20.7	20.7	97.8
	Great Volume	25	27.2	27.2	27.2
	Moderate Volume	42	45.7	45.7	77.2
	Low Volume	4	4.3	4.3	31.5
	Very Low Volume	2	2.2	2.2	100.0
	Total	92	100.0	100.0	

The above tables summarize the demographic profile of the respondents. They are classified according to their gender, age, educational background, sector of the enterprise, experience, type of the enterprise, number of employees, employees' status, total amount of capital, place of the organization and the volume to use marketing strategy are emphasized. Accordingly gender distribution tells about majority 57.6% respondents were male while 42.4% were female. Most respondents were ages of 31-45 years which was 55.4%, 35.9% of the respondents' educational backgrounds were first degree or more, 45.7% of the sector were categorized into garment & textile processing, 39.1% of the respondents have 5-6 years' of work experience, and most respondents were small enterprises which is 59.8%. Most respondents have 1-5 employees in the enterprise which is 33.7%, 30.4% of the employees were full time workers, 39.1% of the respondents total amount of capital was more than 200,000 ETB, 57.6% of the respondents have same production area and selling place, 45.7% of the respondents have used moderate volume 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	Profitability
Product	Pearson Correlation	1	.703**	.658**	.735**	.778**
	Sig. (2-tailed)		.000	.000	.000	.000
	N	92	92	92	92	92
Price	Pearson Correlation	.703**	1	.728**	.656**	.748**
	Sig. (2-tailed)	.000		.000	.000	.000
	N	92	92	92	92	92
Place	Pearson Correlation	.658**	.728**	1	.675**	.729**
	Sig. (2-tailed)	.000	.000		.000	.000
	N	92	92	92	92	92
Promotion	Pearson Correlation	.735**	.656**	.675**	1	.766**
	Sig. (2-tailed)	.000	.000	.000		.000
	N	92	92	92	92	92
Profitability	Pearson Correlation	.778**	.748**	.729**	.766**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	92	92	92	92	92

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

The above table shows the Pearson Correlation of product, price, place and promotion with profitability. Thus, the first highest strong coefficient of correlation in this research was product having a substantial positive correlation  $r=0.778$ , the second highest strong coefficient of correlation was promotion having a substantial positive correlation  $r=0.766$ , the third strong

coefficient was price having a substantial positive correlation  $r=0.748$  and the fourth strong coefficient was place having a substantial positive correlation  $r=0.729$ . In general, the above correlation matrix shows that all independent variables were positively and strongly correlated with the dependent variable.

## **4.6. Regression Analysis**

Regression analysis is a set of statistical methods used for the estimation of relationships between a dependent variable and one or more independent variables. Regression is a method used to calculate the value of a dependent variable using one or more independent variables (Albaum, 1997). 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 has obtained the best results.



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

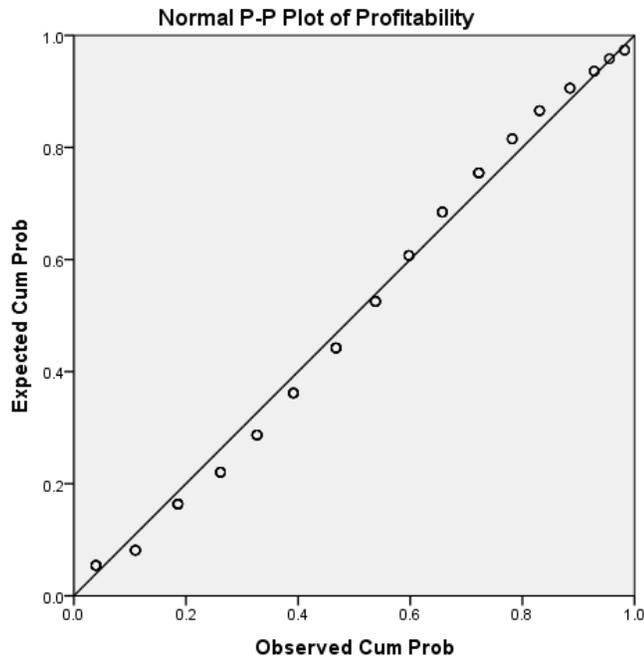
Hair et al. (2006) noted that normality relates to the figure of the data distribution for an individual metric variable and its association to the normal distribution. Assessment of the variables' levels of Skewness and Kurtosis is one of the method that was determine Normality.

Hence, we can say that Skewness and Kurtosis are used to describe the spread and height of our normal distribution. Skewness is used to denote the horizontal pull on the data and tells us how spread out the data is whereas Kurtosis is used to find the vertical pull or the peak's height. In fact, Skewness provides an indication of the symmetry of the distribution where Kurtosis turns to the flatness of the distribution relative to the normal distribution. Consequently, the normal distribution is detected based on Skewness and Kurtosis statistics. As proposed by (George & Mallery, 2010), the acceptable range for normality for both statistics is between -2 and +2. Therefore, as illustrated 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. As a result, the data used in this study was normally distributed.

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

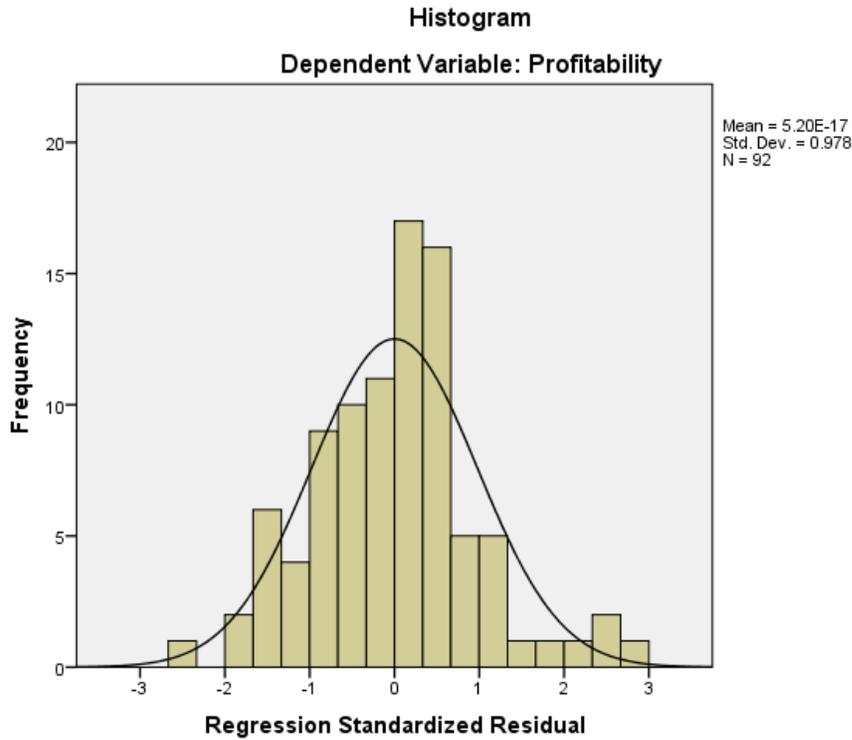
Descriptive Statistics					
	N	Skewness		Kurtosis	
	Statistic	Statistic	Std. Error	Statistic	Std. Error
Product	92	.003	.251	-1.205	.498
Price	92	-.566	.251	-.384	.498
Place	92	-.338	.251	-1.149	.498
Promotion	92	-.090	.251	-.996	.498
Profitability	92	.113	.251	-.952	.498
Valid N (listwise)	92				

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. Overall, 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). As a result, as shown in the figure below, the data were normally distributed.



*Figure 2: Normal P-Plot*

Hair et al. (2006) has 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 is the occurrence of high inter correlations among two or more independent variables in a multiple regression model. 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). Yet, 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 7 below, the collinearity statistics analysis of variance inflation factors (VIF)

value ranges from 2.534 to 2.725 and Tolerance value ranging with 0.367 to 0.395. Likewise, as indicated in table 5 of correlation analysis, the results of the correlation coefficient between independent variables were below 0.8. Accordingly, these results indicated that there was no collinearity problem in this study.

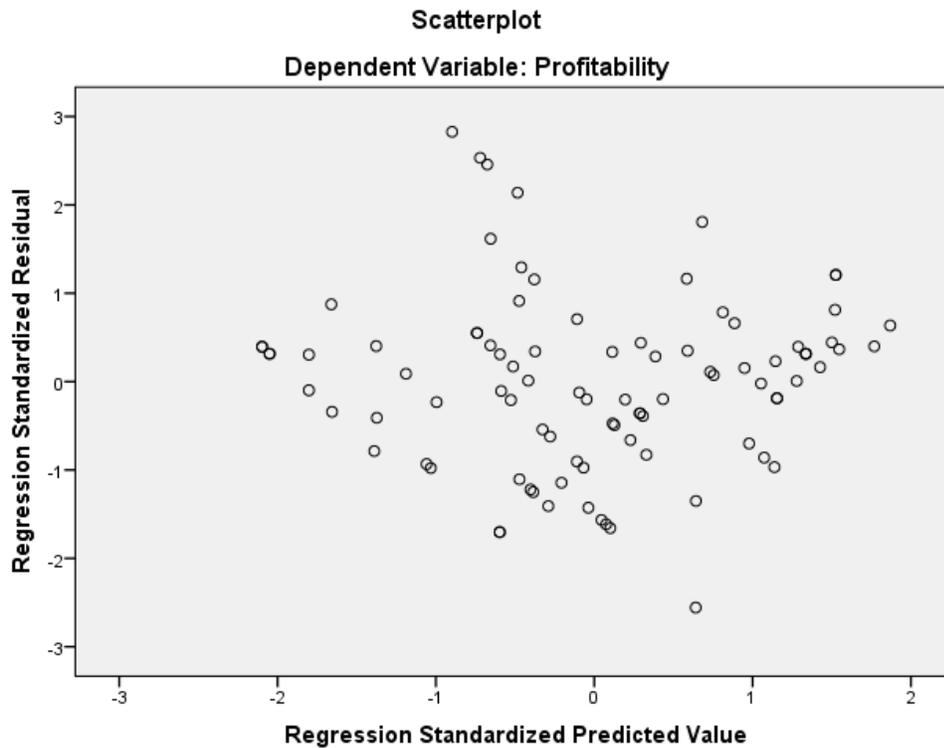
**Table 7: Collinearity Statistics**

Model		Collinearity Statistics	
		Tolerance	VIF
1	Product	.367	2.725
	Price	.375	2.667
	Place	.395	2.534
	Promotion	.388	2.575

a. Dependent Variable: Profitability

#### 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 Hair (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 underneath 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.



*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, place and promotion) to identify the relationship and to determine the most dominant variables that influenced profitability. 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 profitability. The below Table 8 indicates the model summary of the regression analysis.

**Table 8: Model Summary for SME Profitability**

Model Summary <sup>b</sup>					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.862 <sup>a</sup>	.744	.732	.49630	1.882

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

b. Dependent Variable: Profitability

The above regression model presents how much of the variance in the measure of SMEs Profitability is explained by the underlying marketing strategies variables. Additionally, to explain R, R<sup>2</sup>, Adjusted R<sup>2</sup> 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=.862<sup>a</sup>) indicated that, the linear combination of the four independent variables (product, price, place and promotion) strongly predicted the dependent variable (Profitability).

**R Square (R<sup>2</sup>):** 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<sup>2</sup> evaluates how much of the variability in the outcome is accounted for by the predictors. The values of R<sup>2</sup> also range from 0 to 1 (Pedhazur, 1982). The linear combination of marketing Strategy variables or predictors' i.e. product, price, place and promotion explains 74.4% of the variance in SMEs' Profitability and the remaining 25.6% is explained by extraneous variables, which have not been included in this regression model. On another word, 74.4% of the variation in the SMEs'

Profitability is explained by the changes in the above mentioned independent variables while the rest 25.6% is explained by other factors.

**Adjusted R Square (R<sup>2</sup>):** The adjusted R<sup>2</sup> gives some suggestion of how well the model generalizes and its value to be the same or extremely close to the value of R<sup>2</sup>. It means it adjusts the value of R<sup>2</sup> to more correctly represent the population under study (Pedhazur, 1982). The difference for the final model is small (in fact the difference between R<sup>2</sup> and Adjusted R<sup>2</sup> is (0.744 – 0.732 = 0.012) which is about 0.12%. This reduction means that if the model were derived from the population rather than a sample it would account for approximately 0.12% less variance in the outcome.

**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 1.882, which is close to 2 that the assumption has almost certainly been met.

**Table 9: ANOVA of SMEs Profitability**

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	62.230	4	15.557	63.160	.000 <sup>b</sup>
	Residual	21.430	87	.246		
	Total	83.659	91			

a. Dependent Variable: Profitability

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

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 SMEs' Profitability 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 63.160, which is very unlikely to have happened by chance.

### **The Regression Coefficient**

The research aim to identify 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: Summary of Coefficient on SMEs' Profitability**

Model		Coefficients <sup>a</sup>				
		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.400	.236		1.693	.048
	Product	.317	.097	.294	3.279	.002
	Price	.260	.102	.225	2.541	.013
	Place	.191	.089	.185	2.138	.035
	Promotion	.306	.096	.277	3.186	.002

a. Dependent Variable: Profitability

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 and promotion. 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: 0.002, 0.013, 0.035, 0.002 and their standardized coefficients are 0.294, 0.225, 0.185 & 0.277 respectively. The p-value of all the independent variables are below 0.05. This implies that all independent variables have a significant relationship with the dependent variable Profitability.

Based on these results, the regression equation that predicts SMEs' Profitability based on the linear combination of product, price, place and promotion is as follows;

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

$$Y = 0.400 + 0.294X_1 + 0.225X_2 + 0.185X_3 + 0.277X_4 + e$$

**Where:** Y= SMEs Profitability (Dependent Variable)

$\beta_0$ = Intercept

$\beta_1, \beta_2, \beta_3, \beta_4$ = Coefficients of the line

X1=Product

X2= Price

X3=Place

X4=Promotion

e= Sampling error

This result indicates, first, the intercept is 0.400 when all independent variables have a value of zero. Then, moving through the equation, holding product, price, place and promotion constant;

**The first hypothesis** which states, the Product Strategy has positive significant effect on the profitability of SMEs' is supported; because the P-value is less than 0.05, hence product strategy has significant effect on the profitability of SMEs'. Besides, the regression analysis shows that the product strategy has positive and significant effect on the profitability of SMEs' ( $\beta=0.294$ ;  $P<0.05$ ); hence, the alternative hypothesis is confirmed.

**The second hypothesis** which states Price Strategy has positive significant effect on the profitability of SMEs' is also supported because the P-value of price strategy is less than 0.05 which is ( $P<0.05$ ;  $\beta=0.225$ ); hence, price strategy has significant positive effect on the profitability of SMEs; thus the alternative hypothesis is confirmed.

**The third hypothesis** which states, Place Strategy has positive significant effect on the profitability of SMEs' is supported as well; because the P-value is less than 0.05, hence place strategy has significant effect on the profitability of SMEs'. Besides, the regression analysis shows that place strategy has significant positive effect on profitability of SMEs' ( $\beta=0.185$ ;  $P<0.05$ ); hence, the alternative hypothesis is confirmed.

**The fourth hypothesis** which states, Promotion Strategy has positive significant effect on the profitability of SMEs is supported in deed; because the P-value is less than 0.05, hence promotion strategy has significant effect on the profitability of SMEs'. Besides, the regression analysis shows that promotion strategy has significant positive effect on the profitability of SMEs; ( $\beta=0.277$ ;  $P<0.05$ ); hence, the alternative hypothesis is confirmed.

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

This study was aimed to examine the effect of marketing mix strategy on profitability of SMEs. Under the component of marketing mix strategy; product, price, place and promotion were selected as a marketing mix strategy scope as indicated in literature review section.

As specified in the above table 10, all the regression coefficients (Beta Coefficients) between the marketing strategy and profitability have positive values. Hence, there were no inverse relationships between the marketing strategy variables and profitability. Thus, the brief discussion on each hypothesis is given below.

The first predictor of profitability is **Product** at ( $\beta=0.294$ ,  $P<0.05$ ). It has a positive effect on profitability of SMEs' and significant. This result of the study is consistent with the study conducted by Kazem and Heijen (2006); Owomoyela et al. (2013) who found 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 profitability is **Price** at ( $\beta = .0.225$ ,  $P < 0.05$ ). The findings exposed that price has positive and significant effect on the profitability of SMEs'. This result of the study is consistent with the study of Zekarias B. (2019) who studied the impact of marketing mix strategy on organizational profitability in automobile dealers and found that Product has positive and significant effect on automobile dealers' profitability. Colpan (2006), Owomoyela et al. (2013) and Lidia S. (2015) who found that the price has the significant effect on business performance.

The third predictor is **Place** at ( $\beta = 0.185$ ,  $P < 0.05$ ). It has positive effect on profitability of SMEs' and significant. The result of this study is consistent 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 profitability is **Promotion** ( $\beta = 0.277$ ,  $P < 0.05$ ) has positive effect on profitability of SMEs' and significant. The result of this study is consistent 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. Thus, respondents in this study agree promotion strategy is beneficial for their business. Hence, from the results, it can be said that effective promotion of SMEs' 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 thru adapting the product to meet requirements of export customers. Fekadu T. (2018), has studied that the effect of marketing strategy on the performance of SMEs' and found that promotion has positive and significant effect on performance of SMEs'. Seble H. (2020), also has studied the effect of marketing strategy on sales performance of MSEs' and found that promotion has positive but insignificant effect on sales performance of MSEs'.

**Table 11: Summary of Hypothesis Testing**

<b>No.</b>	<b>Hypothesis Testing</b>	<b>Reason</b>	<b>Result</b>
1	<b>H1.</b> Product has a positive and significant effect on the Profitability of SME Manufacturing Sector in Addis Ababa, Gullele Sub-City.	$\beta= 0.294, p=0.002$	Accepted
2	<b>H2.</b> Price has a positive and significant effect on the Profitability of SME Manufacturing Sector in Addis Ababa, Gullele Sub-City.	$\beta= 0.225, p=0.013$	Accepted
3	<b>H3.</b> Place has a positive and significant effect on the Profitability of SME Manufacturing Sector in Addis Ababa, Gullele Sub-City.	$\beta= 0.185, p=0.035$	Accepted
4	<b>H4.</b> Promotion has a positive and significant effect on the Profitability of SME Manufacturing Sector in Addis Ababa, Gullele Sub-City.	$\beta= 0.277, p=0.002$	Accepted

## **Chapter 5. Summary of Major Findings, Conclusions and Recommendations**

The researcher had tried to examine the Effect of Marketing Mix Strategy on Profitability of SMEs. Consequently, this chapter presents the major findings of the study, conclusions, recommendations, limitations and suggestions for future research. Hence, the first section of this chapter described about the findings of the study which presents a brief summary and the conclusion drawn from it. Finally, the followed section of this chapter revealed the recommendations for the findings and highlights the direction for further studies.

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

- The demographic result of the study indicated that 42.4% respondents were female and the remaining 57.6 % were male.
- Regarding the respondents' age category, majority 55.4% respondents are between the ages of 31-45 years which shows that they are very adult.
- The study indicated the educational background of the respondents. From the total of respondents 35.9% were first degree or more holders. Thus, this indicates SMEs' owner/manager has reasonable understanding of the overall market.
- From the overall manufacturing sector, garment & textile processing sector fall into the largest category which is 45.7%.
- The study specified the work experience of the respondents. From the total of respondents 39.1% has from 5-6 years' of work experience. This indicates SMEs' owner/manager has adequate work experience about the understanding of the overall market.

- The study indicated the size of the enterprise of the respondents thus, from the total of respondents, 59.8% were small enterprises.
- The study indicated the number of employees within the enterprise thus, from the total number of the respondents 33.7% has 1-5 employees.
- The study specified that 30.4% of the employees were full time workers.
- The study indicated that 39.1% of the respondents were having a total amount of capital more than 200,000 ETB.
- The study showed that 57.5% of the respondents have same production area and selling place.
- The study indicated that the marketing mix strategy intensity within the enterprise thus, from the total number of respondents 45.7% have used moderate volume of marketing mix strategy.
- ❖ The total reliability statistics of the scale for each variable that is; product, price, place and promotion were above sufficient which is 0.938 to 29 number of items.
- ❖ When we see the Pearson Correlation of product, price, place and promotion with profitability, the first highest strong coefficient of correlation was product having a substantial positive correlation  $r=0.778$ , the second highest strong coefficient of correlation was promotion having a substantial positive correlation  $r=0.766$ , the third strong coefficient was price having a substantial positive correlation  $r=0.748$  and the fourth strong coefficient was place having a substantial positive correlation  $r=0.729$ . Hence, from this result we can conclude that, the independent variables were positively and significantly correlated with the dependent variable.

### **Regarding to the multiple liner regression result;**

- Product strategy having the Beta value of 0.294,  $P < 0.05$ ; it is statistically positive and significant effect on Profitability of SMEs.
- Analysis shown in table 10 indicated that Price Strategy  $\beta=0.225$ ,  $P < 0.05$ ; it is statistically positive and significant effect on Profitability of SMEs.
- Analysis shown in table 10 indicated that Place Strategy  $\beta=0.185$ ,  $P < 0.05$ ; it is statistically positive and significant effect on Profitability of SMEs.
- Analysis shown in table 10 indicated that Promotion Strategy  $\beta=0.277$ ,  $P < 0.05$ ; it is statistically positive and significant effect on Profitability of SMEs.

## **5.2. Conclusion**

Marketing mix refers to the set of actions or tactics that a company uses to promote its brand or product in the market. Thus, A company's marketing mix is the combination of product, pricing, places and promotions it uses to differentiate itself from the competition. Overall, a marketing strategy is a long-term plan for achieving a company's goals by understanding the needs of customers and creating a distinct and sustainable competitive advantage. It encompasses everything from determining who your customers are to deciding what channels you use to reach those customers.

Accordingly, the researcher undertook the appropriate scientific study with the objective to examine the effect of marketing strategy on Profitability of SMEs. Based on this study, the following conclusions were drawn out of the research findings:

The study has found that all the independent variables have the significant effect on the SMEs profitability and each one has its unique contribution and effect to the profitability of SMEs. This also shows the importance of the marketing strategy no matter how the business could be small/medium. Hence, its profitability is proportionately depends and goes with the marketing strategy applied.

**The first hypothesis** which stated that Product Strategy has positive significant effect on the Profitability of SMEs' is confirmed; because the P-value of the product strategy is (P-value <0.05;  $\beta=0.294$ ). This means, the product strategy has an effect on profitability. This is because customers evaluate product attributes such as quality, design, styles and features before buying. When there is conformity between the features and the needs satisfaction of the customer, there is the tendency for repeat purchase and positive word of mouth relationship. Therefore, from this one can conclude that the product strategy has the positive significant effect on profitability of SMEs'.

**The second hypothesis** which states that the Price Strategy has the positive significant effect on profitability of SMEs' is confirmed; because the P-value of the price strategy is (P-value<0.05;  $\beta=0.225$ ). Thus, the result of this study shows that price strategy has an effect on profitability of SMEs'. This is because their new product pricing strategy encourages customers willing to try new products and they pay attention to the competition to act accordingly.

**The third hypothesis** which states that the Place Strategy has the positive significant effect on profitability of SMEs' is confirmed; because the P-value of the place strategy is (P-value<0.05;  $\beta=0.185$ ). Place consideration is seen to be another factor having an effect on the profitability of Small and Medium Enterprises. This simply means the location, accessibility and channel of distribution employed by the business organization is a major concern.

**The fourth hypothesis** which states that the Promotion Strategy has the positive significant effect on profitability of SMEs' is confirmed; because the P-value of the promotion strategy is (P-value <0.05;  $\beta = 0.277$ ). This means, the effect of promotion strategy on profitability is significant, in that promotion is about the entire set of activities, which communicate the product, brand or service to the user and its idea is to make people aware, attract and induce to buy the product, in preference over others.

As a result, all the independent variables (product, price, place and promotion) have positive effect on profitability of SMEs'.

### **5.3. Recommendations**

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

- SMEs should give consideration to Product Strategy since customers demand based on product attributes such as quality, style, design and features. Therefore, SMEs should produce the quality product in order to get competitive advantage over the large enterprises.
- The Price Strategy is the predictor of their profitability. Hence, SMEs should increase their pricing strategy and should facilitate to sell products with credit terms.
- SMEs should give consideration to Place Strategy by giving location benefits to customers and by increasing the accessibility and convenience of its location and also ensure the availability of multiple distribution options.
- SMEs should give consideration to Promotion Strategy by increasing the usage of different advertising media as well as by using online digital platform so as to promote their products and to be able to meet customer needs and satisfaction.

#### **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 SMEs manufacturing sectors were taken into consideration. Therefore, it is recommended that a similar study will be undertaken using larger enterprises of the same sector and make a comparative analysis.

This study is limited to marketing strategy only in terms of profitability. Thus, any researcher can evaluate marketing strategy in another performance measurements.

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# Appendices

## Appendix1: English Version Questionnaire

St. Mary's University

### Marketing Management Graduate Program

Questionnaires to be filled by Small and Medium Enterprises

Dear Respondent;

My name is Eden Mekonnen and I am a graduate student in Marketing Management department at St. Mary's University. So, I would like to look for your kindly assistance in completing the attached questionnaire which forms a basic part of my MA thesis entitled "The Effect of Marketing Mix Strategy on Profitability of Small and Medium Firms: Evidence from Manufacturing Sectors in Addis Ababa at Gullele sub-city". Accordingly, your honest and authentic 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 or want feedback on the study or if there's unclear situation, you can able to contact me by the following address;

- Cell phone: +251920222685
- Email: [edenbellemek@gmail.com](mailto:edenbellemek@gmail.com)

General Instruction:

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

## Part I: Demographic Information

**Instruction:** Please circle your appropriate option.

- 1) Gender
  - A. Male
  - B. Female
- 2) Age
  - A. 18-30
  - B. 31-45
  - C. 46-60
  - D. 60+
- 3) Education
  - A. Illiterate
  - B. Primary School
  - C. Secondary School
  - D. College/TVET
  - E. First Degree or more
- 4) Which one describes the sector of your organization?
  - A. Leather products
  - B. Garment & Textile manufacturing
  - C. Metal & Wood works
- 5) The number of years since the business has being operated.
  - A. 1-2 years
  - B. 3-4 years
  - C. 5-6 years
  - D. 7-8 years
  - E. 9-10 years
  - F. 10+ years
- 6) Which one best describe the type of your Organization?
  - A. Small Enterprise
  - B. Medium Enterprise
- 7) Circle the number of employees that you have in your Organization.
  - A. 1-5
  - B. 6-10
  - C. 11-15
  - D. 16-20
  - E. 20+
- 8) Circle the employment status of the employees in your organization.
  - A. Full time
  - B. Part-time
  - C. Temporary
  - D. Piece-rate
  - E. Casual workers/Day labors
  - F. Commission workers
- 9) Circle your total amount of capital in ETH Birr.
  - A. Less than 50,000
  - B. 50,000-100,000
  - C. 100,001-200,000
  - D. 200,000+
- 10) Does your organization have same/different production area and selling place?
  - A. Same
  - B. Different
- 11) To what volume does your organization use the marketing mix strategy that is, product, price, place and promotion in order to increase your profitability?
  - A. Very great volume
  - B. Great volume
  - C. Moderate volume
  - D. Low volume
  - E. Very low volume

## Part II: Marketing Mix Strategy Elements;

**Instruction:** Please select the degree of agreement/disagreement with respect to the following statements associated with factors affecting profitability by encircling the alternative number which best describe your view. Accordingly, the alternatives are stated as below.

1=Strongly Disagree (SDA);                      3=Neutral (N);                      5= Strongly Agree (SA)  
 2=Disagree (DA);                                      4= Agree (A);

No.	Statement	SDA	DA	N	A	SA
		1	2	3	4	5
<b>1</b>	<b>Product Strategy</b>					
PDS1	We provide better quality products based on our customers' needs and wants.	1	2	3	4	5
PDS2	Our products are sufficient in meeting customer's expectations.	1	2	3	4	5
PDS3	We use effective product package.	1	2	3	4	5
PDS4	We build our brand reputation by providing a distinctive service quality.	1	2	3	4	5
PDS5	We provide additional service with main products.	1	2	3	4	5
PDS6	We employ the most advanced technology than our competitors.	1	2	3	4	5
<b>2</b>	<b>Price Strategy</b>					
PRS1	The new product pricing strategy encourages customers willing to try new products easily.	1	2	3	4	5
PRS2	Our pricing strategy pays attention the competition to act accordingly.	1	2	3	4	5

PRS3	The price charged are appropriate to the quality of service offered.	1	2	3	4	5
PRS4	We provide products which facilitates credit terms.	1	2	3	4	5
<b>3</b>	<b>Place Strategy/Distribution Strategy</b>					
PLS1	Our placing strategy is able to give location benefits to customers.	1	2	3	4	5
PLS2	Our placing strategy is able to serve our customers well in time.	1	2	3	4	5
PLS3	Our placing strategy is efficient to gain market share.	1	2	3	4	5
PLS4	Place strategy improves accessibility towards the customers.	1	2	3	4	5
PLS5	The place strategy matches the demand and supply to functions well.	1	2	3	4	5
<b>4</b>	<b>Promotion Strategy</b>					
POS1	Our enterprise uses different advertising media to promote our products.	1	2	3	4	5
POS2	Our enterprise offers various sales promotions such as gifts, discounts etc.	1	2	3	4	5
POS3	Our promotional strategies help us to make direct communication with clients.	1	2	3	4	5
POS4	Participating on exhibition and bazar activities help us to sell and promote our products.	1	2	3	4	5
POS5	Our enterprise promotion strategy is able to inform customers about new products.	1	2	3	4	5

**Part III: SME Marketing Mix Strategy related to Profitability;**

No.	Statement	SA	A	N	DA	SDA
5	<b>Profitability of SME</b>					
PFT1	By using our product strategy, we achieved maximum profit.	1	2	3	4	5
PFT2	By using our price strategy, we achieved maximum profit.	1	2	3	4	5
PFT3	By using our place strategy, we achieved maximum profit.	1	2	3	4	5
PFT4	By using our promotion strategy, we achieved maximum profit.	1	2	3	4	5
PFT5	By using our marketing strategy, we achieved maximum profit among with our competitors market.	1	2	3	4	5

*Thank You for Taking Your Precious Time in Completely Filling This Questionnaire!!!*

## Appendix II: Amharic Version Questionnaire

### ቅድስተ ማርያም ዩኒቨርሲቲ

#### የንግድ አስተዳደር የድህረ ምረቃ ትምህርት ፕሮግራም

በአነስተኛ እና በመካከለኛ አገልግሎት ሰጪ ኢንተርፕራይዞች የሚሞላ መጠይቅ

ውድ ተሳታፊዎች:

ስሜ ኤደን መኮንን ሲሆን በቅድስተ ማርያም ዩኒቨርሲቲ በንግድ አስተዳደር ተመራቂ ተማሪ ነኝ። ስለሆነም የድህረ ምረቃ ፅሁፌን ሰርቶ ለማጠናቀቅ ወሳኝ የሆነውን ይህንን መጠይቅ በመሙላት እንዲተባበሩኝ ስል በትህትና እጠይቃለሁ። የዚህ ጥናት ትኩረትና አላማ "በጉለሌ ክ/ከተማ የሚገኙትን በአነስተኛ እና በመካከለኛ ኢንተርፕራይዝ ምርት ሰጪ ዘርፍ ተቋማት የገበያ ስልትና ትርፋማነታቸው ላይ ያለውን ውጤት" የሚያተኩር ሲሆን በመሆኑም ለጥናቱ አላማ መሳካት የእርስዎ እውነተኛ እንዲሁም ትክክለኛ መረጃ በጣም ወሳኝና አስፈላጊ ነው። ስለሆነም ለሚያደርጉልኝ ቀና ትብብር በቅድሚያ ለማመስገን እወዳለሁ።

የሚሰጡኝም መረጃዎች ሙሉ በሙሉ ለጥናቱ አላማ ብቻ የሚውል ሲሆን ሚስጥራዊነቱ የተጠበቀና ለሌላ ወገን አሳልፎ የማይሰጥ መረጃ መሆኑን በትህትና ለማረጋገጥ እወዳለሁ። ስለሆነም ሌላ መረጃ ወይም ስለጥናቱ አስተያየትም ሆነ ግልፅ ያልሆነሎት ነገር ካለ ቀጥሎ በተፃፈው አድራሻ ሊያገኙኝ ይችላሉ።

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- ኢ-ሜይል: [edenbellemek@gmail.com](mailto:edenbellemek@gmail.com)

አጠቃላይ መመሪያ:

- ✓ ስም መፃፍ አያስፈልግም
- ✓ በእያንዳንዱ ጥያቄዎች መጀመርያ ላይ መመሪያ ተቀምጧል

**ክፍል 1: አጠቃላይ መረጃ**

**መመሪያ: እባክዎ እርሶ የመረጡት ላይ ያክብቡ፤**

1) ያታ

ሀ. ወንድ                      ለ. ሴት

2) ዕድሜ

ሀ. 18-30                      ለ. 31-45                      ሐ. 46-60                      መ. 60+

3) የትምህርት ደረጃ

ሀ. ማንበብና መጻፍ የማይችል ሐ. የሁለተኛ ደረጃ ሠ. የመጀመሪያ ዲግሪ እና ከዚያ በላይ  
ለ. የመጀመሪያ ደረጃ                      መ. ቴክኒክና ሙያ

4) የድርጅትዎ የስራ ዘርፍ በየትኛው ይገለጻል?

ሀ. የቆዳ ውጤቶች  
ለ. የጨርቃጨርቅ ውጤቶች  
ሐ. ብረታብረት እና የእንጨት ውጤቶች

5) የስራ ዘርፉ ከተጀመረ ምን ያህል አመት ሆኖታል?

ሀ. 1-2 አመታት                      ሐ. 5-6 አመታት                      ሠ. 9-10 አመታት  
ለ. 3-4 አመታት                      መ. 7-8 አመታት                      ረ. ከ10 አመታት በላይ

6) የድርጅትዎን የስራ ዘርፍ የሚገልፀው የትኛው ነው?

ሀ. አነስተኛ                      ለ. መካከለኛ





2	የዋጋ ስልት					
PRS1	የአዳዲስ ምርቶች ዋጋ አተማመን ደንበኞች አዳዲስ ምርቶችን እንዲጠቀሙ ያበረታታል።	1	2	3	4	5
PRS2	የዋጋ አተማመን ስርአቶችን የገበያ ውድድሩን መሠረት አድርጎ ተግባራዊ የሚያደርግ ነው።	1	2	3	4	5
PRS3	የምናቀርበው የገበያ ዋጋ የሚሠጠውን የአገልግሎት ጥራት ይመጥናል።	1	2	3	4	5
PRS4	የብድር አገልግሎት የምንሰጥበትን ሁኔታዎች እናመቻቻለን።	1	2	3	4	5
3	የቦታ ስልት					
PLS1	የቦታ አጠቃቀም ስልቶችን ደንበኞችን ተኮር ያደረገ ነው።	1	2	3	4	5
PLS2	የቦታ አጠቃቀም ስልቶችን ደንበኞቻችንን አግባብ ባለው ሠዓት ለማገልገል ያስችላል።	1	2	3	4	5
PLS3	የቦታ አጠቃቀም ስልቶችን የገበያ ድርሻ ለማግኘት ቀልጣፋ ነው።	1	2	3	4	5
PLS4	የቦታ አጠቃቀም ስልቶችን ደንበኞች ጋር ለመድረስ ይረዳል።	1	2	3	4	5
PLS5	የቦታ አጠቃቀም ስልቶችን ከገበያ ፍላጎት እና አቅርቦት ጋር የተጣጣመ ነው።	1	2	3	4	5

4	የማስታወቂያ ስልት					
POS1	ምርቶቻችንን ለማስተዋወቅ የተለያዩ የማስታወቂያ ብዙሃንን እንጠቀማለን።	1	2	3	4	5
POS2	የተለያዩ የሽያጭ ማስታወቂያዎችን ማለትም እንደ ስጦታ፣ የዋጋ ቅናሽ የመሳሰሉትን እንጠቀማለን።	1	2	3	4	5
POS3	የማስታወቂያ ስልቶችን በቀጥታ ከደንበኞቻችን ጋር ግንኙነት እንዲኖረን ይረዳናል።	1	2	3	4	5
POS4	በተለያዩ የንግድ ትርጉሞች እና ባዘር ላይ መሳተፋችንን ምርቶቻችንን ለደንበኞቻችን ለመሸጥና ለማስተዋወቅ ይረዳናል።	1	2	3	4	5
POS5	የማስታወቂያ ስልቶችን አዳዲስ ምርቶችን ለደንበኞች ለማስተዋወቅ ይረዳናል።	1	2	3	4	5

**ክፍል 3- የአነስተኛ እና መካከለኛ ድርጅቶች የገበያ ስልት ከትርፋማነታቸው ጋር ያለው ውህደት**

ተ.ቁ.	ዓረፍተ ነገር	በእ	እ	አል	አ	በአ
		1	2	3	4	5
5	የአነስተኛ እና መካከለኛ ድርጅቶች ትርፋማነት					
PFT1	የምርት ስልታችንን በመጠቀም ትርፋማነትን ለማሳደግ ችለናል።	1	2	3	4	5
PFT2	የዋጋ ስልታችንን በመጠቀም ትርፋማነትን ለማሳደግ ችለናል።	1	2	3	4	5
PFT3	የቦታ ስልታችንን በመጠቀም ትርፋማነትን ለማሳደግ ችለናል።	1	2	3	4	5
PFT4	የማስታወቂያ ስልታችንን በመጠቀም ትርፋማነትን ለማሳደግ ችለናል።	1	2	3	4	5
PFT5	የገበያ ስልታችንን በመጠቀም ትርፋማነትን ከተወዳዳሪዎቻችን ገበያ ለማሳደግ ችለናል።	1	2	3	4	5

**ውድ ጊዜዎትን ሠውተው ይህንን መጠይቅ ሙሉ በሙሉ ስለሞሉ ክልብ አመሰግናለሁ!!!**

## Appendix III: SPSS Output

### a. Mean and standard deviation of the variables

<b>Descriptive Statistics</b>			
	N	Mean	Std. Deviation
We provide better quality products based on our customers' needs and wants.	92	3.6630	.97527
Our products are sufficient in meeting customer's expectations.	92	3.4348	.97557
We use effective product package.	92	3.3152	.94844
We build our brand reputation by providing a distinctive service quality.	92	3.1848	.90091
We provide additional service with main products.	92	3.0217	.87679
We employ the most advanced technology than our competitors.	92	2.8587	.89665
The new product pricing strategy encourages customers willing to try new products easily.	92	4.2935	1.06429
Our pricing strategy pays attention the competition to act accordingly.	92	3.9022	.90250
The price charged are appropriate to the quality of service offered.	92	3.3152	.81104
We provide products which facilitates credit terms.	92	2.9674	.94289
Our placing strategy is able to give location benefits to customers.	92	3.6087	.96027
Our placing strategy is able to serve our customers well in time.	92	3.4565	.94244
Our placing strategy is efficient to gain market share.	92	3.2609	.95928
Place strategy improves accessibility towards the customers.	92	3.0000	.97214
The place strategy matches the demand and supply to functions well.	92	2.7391	1.00405
Our enterprise uses different advertising media to promote our products.	92	3.4891	.88323
Our enterprise offers various sales promotions such as gifts, discounts etc.	92	3.2717	.87835
Our promotional strategies help us to make direct communication with clients.	92	3.0435	1.00453
Participating on exhibition and bazar activities help us to sell and promote our products.	92	2.9022	.92653
Our enterprise promotion strategy is able to inform customers about new products.	92	2.7391	.87542

By using our product strategy, we achieved maximum profit.	92	3.5435	.96548
By using our price strategy, we achieved maximum profit.	92	3.3478	.98822
By using our place strategy, we achieved maximum profit.	92	3.1630	.95247
By using our promotion strategy, we achieved maximum profit.	92	2.9348	1.03568
By using our marketing strategy, we achieved maximum profit among with our competitors market.	92	2.7065	1.05391
Valid N (listwise)	92		

b. Correlation

**Pearson Correlation**

		Product	Price	Place	Promotion	Profitability
Product	Pearson Correlation	1	.703**	.658**	.735**	.778**
Price	Pearson Correlation	.703**	1	.728**	.656**	.748**
Place	Pearson Correlation	.658**	.728**	1	.675**	.729**
Promotion	Pearson Correlation	.735**	.656**	.675**	1	.766**
Profitability	Pearson Correlation	.778**	.748**	.729**	.766**	1

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

c. Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.400	.236		1.693	.048		
	Product	.317	.097	.294	3.279	.002	.367	2.725
	Price	.260	.102	.225	2.541	.013	.375	2.667
	Place	.191	.089	.185	2.138	.035	.395	2.534
	Promotion	.306	.096	.277	3.186	.002	.388	2.575

a. Dependent Variable: Profitability