

**The Effect of Marketing Strategy on Sales Performance in  
The Case of National Alcohol and Liquor Factory in Addis  
Ababa**



**A Thesis Submitted To Research and Postgraduate Office of Jimma  
University for Partial Fulfillment of the Requirements for the  
Degree of Master of Business Administration (MBA)**

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## DECLARATION

I, the undersigned declare that this thesis is my original work on the topic entitled "The Effect of Marketing Strategy on Sales Performance in The Case of National Alcohol and Liquor Factory in Addis Ababa" in partial fulfillment of the requirement for the Degree of Master of Business Administration, and prepared under the guidance of my advisor Asst.Prof. Aregu Asmare and Mr. Abera Jaleta. All sources of materials used for the thesis have been duly acknowledged. I further confirm that the thesis has not been submitted either in part or full to any other higher learning institution for the purpose of earning any degree.

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## ENDORSEMENT

As Thesis advisors, we hereby certify that we have read and evaluated this thesis prepared by Belay Asfaw, under our guidance, entitled “The Effect of Marketing Strategy on Sales Performance in The Case of National Alcohol and Liquor Factory in Addis Ababa”

This is, therefore, to certify that this thesis has been accepted as partial fulfillment of the requirement for the Degree of Master of Business Administration.

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## **ABSTRACT**

*The major objective of the research was to examine the effect of product, price, promotion, and place strategy that influence the sales performance of NALF in Addis Ababa. The research adopted descriptive and explanatory research design and used quantitative approach. Hence, the primary data was collected through questionnaires. Besides, secondary data was gathered from relevant documents. The data received from the respondents were edited, coded, and analyzed using IBM SPSS statistics 23 Computer Software. Quantitative data output were presented in the form of descriptive statistics using mean, and standard deviation, frequency and frequency distribution, valid and cumulative percentage for each of the variables used in the study. Correlation and multiple linear regression analysis techniques were also be used measure the relationship and predicting between the independent and dependent variables of the study. The result of the study shows that among the four independent variables: product, promotion, place strategy have very strong correlation and positive significant impact of predicting sales performance. However, price strategy has very weak correlation and insignificant to predict sales performance. Generally, the researcher recommended that NALF marketing managers should improve the overall product, price, promotion, and distribution strategy so as to increase sales performance.*

**Key Words:** Product Strategy, Price Strategy, Promotion Strategy, Place Strategy, and Sales Performance.

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## **List of Abbreviation and Acronyms**

ANOVA	Analysis of Variance
NALF	National Alcohol and Liquor Factory
R	Multiple Correlation Coefficient
Sig	Significant level
SPSS	Statistics and Packaging for Social Science
STP	Segmentation, Targeting, and Positioning
VIF	Variance Inflation Factor

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# **CHAPTER ONE**

## **INTRODUCTION**

The aim of this chapter is to provide background information on the study. The remaining parts of the chapter are organized as follows. The first section of the research presents background for the study, section two presents background of the organization and then statement of problems comes in the third section. The fourth, fifth and sixth section sets out objectives of the research, hypothesis and significance of the study respectively. Finally, section seven, eight and nine present scope, limitation and structure of the study respectively.

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

Businesses usually aim to grow in terms of market size, assets and profitability with competition, they have to ensure to attract and retain customers in order to remain profitable. Jobber and Ellis (2013) noted that the marketing concept is based on the basic principle that its implementation helps in business performance. Firms need to be competitive to serve chosen segments effectively in a meaningful and sustainable manner through development of appropriate marketing strategies. In the present day business environment, market competitiveness is a function of how well firms can develop and implement strategies, but competitiveness also can impact the nature of chosen strategy by the firm. A strategy is an organization's commitment to particular products, markets, customers, competitive approaches, and method of business operation and that firms that strategically respond to competition improve their business performance and are able to remain competitive than those that do not. The firms' strategies should be characterized by a responsive work organization, based on co-operative relations not only within the firm but also in its relations with external partners such as customers, suppliers and competitors.

The duty of marketers is to create marketing activity and gather all marketing program which are integrated to create communication and convey value to customers. According to Kotler and Armstrong (2012), marketing mix is the set of tactical marketing tools - product, price, place, and promotion - that the firm blends to produce the response it wants in the target market.

Marketing efforts do not impact performance (product sales or market share) independently of each other. Marketing mix activities need to be coordinated because they interact to determine performance (Gatington, 1993). This will help managers to take advantage of the

complementarily and to avoid incompatibility between marketing mix instruments given constraints by budget and the variables themselves. Organizations are therefore required to set aside a significant portion of their budgets on marketing to ensure that the company experiences an exponential growth in the sales (Rodriguez, Peterson and Vijaykumar, 2012).

The business performance and economic profit of the firm summarized in sales revenue. One of the most important aims of firm is to enhance sales revenue and market share to achieve greater scale in operation and improve profitability due to this managers always want to expand market share. Although, managers are sensitive to market share of the firms, but, the factors that effect on market share are still not clear for many of them (Fizebakhsh,2002). Market share responds elements of marketing strategy (Weiss, 1968) one of important items that affect market share is marketing strategy. Therefore, to investigate and determine way of increasing sales performance which is sales revenue, the researcher initiated to examine the effect of product, price, promotion, and place strategy on sales performance of NALF in Addis Ababa.

## **1.2. Background of the Organization**

National Alcohol and liquor factory is the biggest producer and distributor of liquor (alcoholic drinks), pure alcohol and denatured alcohol in Ethiopia and for foreign markets. NALF was the first of its kind in Ethiopia when founded in 1920 by private owner, currently it is owned by Ethiopia government. The factory has two plants located in Mekanisa, Sebeta, and its head office located in Addis Ababa near to Mexico square.

The factory products are Baro Gin, Ouzo, Double Ouzo, Aperitif, Brandy, Limon Liquor, Pineapple Liquor, Super mint Liquor, Fermit, Bitter, Pure Alcohol, Denatured Alcohol, Vodka, and Cognac. Accordingly, NALF currently employs three types of distribution arrangements, in Addis Ababa and its surroundings; the factory distributes the products to retailers directly using its own vehicles and directly sells to consumers from factory premises. In other routs, it distributes through wholesalers/agents.

Apart from producing and selling of the products, NALF participates in the different social and economic activities of the country. From long years experience the factory participates in various actions and has made a thankful contributions to enrich the material and spiritual value of the society, eliminate the social and economic problems of the country.(source: NALF documents and website)

### **1.3. Statement of the Problem**

Business organizations usually aim to grow in terms of sales revenue, market share, assets, and due to competition, they have to ensure they attract and retain customers in order to remain profitability. Jobber and Ellis – Chaddwick (2013) noted that the marketing concept is based on the basic principle that its implementation helps in business performance. They also stated that marketing is not an abstract concept, but rather an acid test to that impact that its use has on important corporate indices such as profitability and market share.

The business performance and economic profit of the firm summarized in sales revenue. One of the most important aims of firm is to enhance sales revenue and market share to achieve greater scale in operation and improve profitability due to this managers always want to expand market share. Although, managers are sensitive to market share of the firms, but, the factors that effect on market share are still not clear for many of them (Fizebakhsh,2002). Market share responds elements of marketing strategy (Weiss, 2008) one of important items that affect market share is marketing strategy.

Fizebakhsh.(2002) stated that the main concern of any business firms to sale its products/services, maximize, and achieve these objectives. Thus, it is imperative note that it is not simply the matter of producing goods or services alone that meets customer’s wants and needs and increasing sales revenue and profit, but how well the marketing strategy developed and implemented. In one way or another some firms able to do these but some are more successful in market place than others. The question that then arises is how business firms will identify, develop, implement efficient and effective marketing strategy so as to increasing sales performance? With reports of the varying degree of success or failure recorded by manufacturing firms. Thus, in order to address this knowledge gap, it is imperative that the researcher attempts to conduct a detail study on the effect of product, price, promotion, and place strategy on sales performance so as to boast the sales performance which is sales revenue of NALF in Addis Ababa.

### **Research Question**

- i) What is the effect of product strategy on the sales performance of NALF in Addis Ababa?
- ii) To what extent does price strategy influence sales performance of NALF in Addis

Ababa?

- iii) What is the relationship between promotion strategy and sales performance of NALF in Addis Ababa?
- iv) What is the effect of place strategy on the sales performance of NALF in Addis Ababa?

## **1.4. Objectives of the study**

### **1.4.1. General Objective of the Study**

The main objective of this study was to examine the effect of marketing strategy on sales performance of NALF in Addis Ababa.

### **1.4.2. Specific Objectives**

The specific objectives of the study are:

- ☞ To evaluate the effect of product strategy influences the sales performance of NALF in Addis Ababa.
- ☞ To examine the extent to which price strategy influence sales performance of NALF in Addis Ababa.
- ☞ To examine the effect of promotion strategy on sales performance of NALF in Addis Ababa.
- ☞ To evaluate the effect of place strategy on sales performance of NALF in Addis Ababa.

## **1.5. Research Hypothesis**

The following hypotheses are formulated to address the above research objectives.

H1: Product strategy has significant positive effect on sales performance of NALF in Addis Ababa.

H2: Price strategy has significant positive effect on sales performance of NALF in Addis Ababa.

H3: Promotion strategy has significant positive effect on sales performance of NALF in Addis Ababa.

H4: Place strategy has significant positive effect on sales performance of NALF in Addis Ababa.

## **1.6. Significance of the Study**

- ⇒ The finding of this study helps the marketing managers of the company to formulate and implement effective and efficient marketing mixes in order to boost the sales performance of NALF in Addis Ababa, its agents and retailers.
- ⇒ The findings of the study will assist to policy makers in government and other institutions who will want to know how to improve business opportunities for alcohol and liquor factories and other companies which operating in the country.
- ⇒ Besides, the study will help to market researchers and consultants who will want to know changes and trends in marketing. This will enable them to advise their clients in order to adopt the most effective marketing mixes.

## **1.7. Scope of the Study**

The scope of the study was concentrated on marketing mix and sales performance executed by NALF in Addis Ababa. The study was carried out with all 101 wholesalers which are operating in Addis Ababa.

## **1.8. Limitation of the Study**

The study was limited and focused on marketing mixes (product, price, promotion and place strategy) was taken as variables of marketing strategies, there are additional other 3p's of marketing mixes (people, process and physical evidence) that may applicable in the service companies and well established business companies use to define their marketing strategy. Besides to this, with in marketing strategy practices the remaining 3p's and other marketing strategies were not considered in this study. Thus, other researchers may consider this issue for further studies. Furthermore, the study was conducted on only wholesalers operating in Addis Ababa due to time and budget constraints.

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

The study is organized into five chapters. Chapter one introduces the study by giving the background information on the research problem, objectives, significance, the scope and

limitations of the study. Chapter two consists of the review of relevant literature. Chapter three focuses on research design and methodology. The Chapter four comprises result analysis and discussion of the study. Finally, chapter five concentrates with the summery of the major findings, conclusion and forward recommendations.



# **CHAPTER TWO**

## **REVIEW OF RELATED LITERATURE**

This chapter outlines the overview of literature that is related to the research problem presented in this study. Overview of marketing strategy, elements of marketing strategy, sales performance, empirical literature, summary of empirical review and knowledge gap and conceptual framework introduced in order to give a clear idea about research area.

### **2.1. Theoretical Review**

Theories are formulated to explain, predict, and understand phenomena and in many cases, to challenge and extend existing knowledge within the limits of critical bounding assumptions. The theoretical framework is the structure that can hold or support a theory of research study.

#### **2.1.1. Overview of Marketing Strategy**

According to Philip Kotler et al (1999) marketing strategy is the marketing logic by which the business unit hopes to achieve its marketing objectives. It is an endeavor by a corporation (or any organization) to differentiate itself positively from its competitors, using its relative corporate strengths to better satisfy customer needs in a given environmental setting. For an Organization, target consumers are at the centre of the marketing strategy. The company identifies the total market it wants to serve and divides it into smaller segments. It then selects the most promising segments and focuses on serving them. It designs a marketing mix using mechanisms under its control: product, price, place and promotion. It also engages in marketing analysis, planning, implementation and control in order to find the best marketing mix and to take action. The company uses these activities to enable it to watch and adapt to the marketing environment.

There are many different types of marketing strategies encompassing a marketing department's actions pertaining to: market segmentation, targeting, positioning and the marketing mix; product, price, place, and promotion (Hunt and Morgan 1995; Slater and Olson 2001). To understand the implementation of new marketing strategies by the marketing department, it is requisite to first understand what marketing strategy is and what this means for marketing and the salesperson. Marketing strategy is “the set of integrated decisions and actions by which a

business expects to meet its marketing objectives and meet the value requirements of its customers” (Slater and Olson 2001,p.1056).

### **2.1.2.Elements of Marketing Strategy**

Elements of marketing strategy on this study composed marketing mix strategy: product strategy, price strategy, promotion strategy, and place strategy.

#### **2.2.2.1.Marketing Mix Strategy**

Borden (2002) reviewed the concept of the marketing mix and its evolution, and suggested that an organization’s manager has to balance behavioral forces and marketing mix elements, with the marketing mix being helpful in problem solving and generally an aid to thinking about marketing. Earlier, Kotler (2003) had explored ways of determining the best‘ marketing mix for new product development when there was only limited information, and recognized that the development of new products had to be based on profit potential. Kotler (2003) also found that the marketing mix plays a role in determining the answers as to what would keep a company afloat, through a focus on opportunities created by shortage. More recently, Gummesson (1994) examined the role of the marketing mix with a focus being given towards relationships, networks and interactions; however, Gummesson (1994) was clear in stating that the marketing mix will always be required. This paradigm shift was endorsed by Gronroos (2002) who also argued that the foundation of the marketing mix paradigm was weak, and was based on the lack of focus given to relationships. Gronroos (2002) suggested that the marketing mix does not allow any personalized relationships with producers and marketers, which does not fit with the reality of industrial marketing and the marketing of services.

From the above it is evident that the marketing mix plays an important role in the marketing of organizations, and that the balance between product, price, placement and promotion is evident in organizations. Regarding new products, the marketing mix should have a focus on their potential profitability and is important in making decisions within organizations and taking advantage of opportunities. A shift in marketing paradigms has also become evident with the focus turning towards relationship marketing.

### **Product Strategy**

A product strategy is the foundation of a product life cycle and the execution plan for further

development. Product strategy is basically a plan formulated to market a product. A company takes into account many factors like, market situation, competitors, consumer's attitude etc. Product strategy is a core component of the overall marketing strategy. The product itself guides decisions that a business makes to achieve marketplace success. Decision-makers assess the product attributes, industry and competitors. The information is used to develop a product strategy designed to achieve short-term and long-term sales, revenue and distribution goals. (<http://www.marketingteacher.com>).

#### **i. New Product Development strategy**

**New product development:** Process of developing a new product or service for the market. This type of development is considered the preliminary step in product or service development and involves a number of steps that must be completed before the product can be introduced to the market. Hence, we understand that a company may need to engage in this process due to changes in consumer preferences, increasing competition and advances in technology or to capitalize on a new opportunity. Accordingly, the seven steps of BAH model are: new product strategy: idea generation, screening and evaluation, business analysis, development, testing, and commercialization. New product development consists of the activities of the firm that lead to a stream of new or changed product market offerings over time. This includes the generation of opportunities, their selection and transformation into manufactured products and services offered to customers, and the institutionalization of improvements in the new product development activities themselves (Loch & Kavadias, 2008). "A new product's likelihood of success can be determined before its development by answering three questions: (1) Do people need the product? (2) Is it different and better than competitors' offerings? (3) Would people be willing to pay the proposed price? (Kotler, 2003)"

#### **ii. Product Mix Strategy**

Product mix, also known as product assortment, refers to the total number of product lines a company offers to its customers. For example, your company may sell multiple lines of products. Your product lines may be fairly similar, such as dish washing liquid and bar soap, which are both used for cleaning and use similar technologies. Or your product lines may be vastly different, such as diapers and razors. Kotler (2007) stated that the product mix of an individual company can be described in terms of width, length, depth, and consistency.

**Width: Number of Product Lines:** The width, or breadth, of a company's product mix pertains to the number of product lines the company sells.

**Length: Total Products:** The product mix length is the total number of products or items in your company's product mix.

**Depth: Product Variations:** Depth of a product mix pertains to the total number of variations for each product. Variations can include size, flavor and any other distinguishing characteristic.

**Consistency is Relationship:** Product mix consistency describes how closely related product lines are to one another – in terms of use, production and distribution. Your company's product mix may be consistent in distribution but vastly different in use.

### **Pricing Strategy**

Price is the only element in marketing mix that produces revenues, all other elements represent Costs. Price is also the most flexible marketing mix elements (Kotler and Armstrong, 2012).

Pricing strategy refers to method companies use to price their products or services. Almost all companies, large or small, base the price of their products and services on production, labor and advertising expenses and then add on a certain percentage so they can make a profit. There are several different pricing strategies, such as penetration pricing, price skimming, discount pricing, product life cycle pricing and even competitive pricing.

#### **i. Factors to Consider When Setting Price**

Pricing is often one of the most difficult things to get right in business. There are several factors a business needs to consider in setting a price:

**Competitors:** a huge impact on pricing decisions. The relative market shares (or market strength) of competitors influences whether a business can set prices independently, or whether it has to follow the lead shown by competitors.

**Costs:** a business cannot ignore the cost of production or buying a product when it comes to setting a selling price. In the long-term, a business will fail if it sells for less than cost, or if its gross profit margin is too low to cover the fixed costs of the business.

**The state of the market for the product** – if there is a high demand for the product, but a

shortage of supply, then the business can put prices up.

**The state of the economy** – some products are more sensitive to changes in unemployment and workers wages than others. Makers of luxury products will need to drop prices especially when the economy is in a downturn.

**The bargaining power of customers in the target market** – who are the buyers of the product? Do they have any bargaining power over the price set? An individual consumer has little bargaining power over a supermarket (though they can take their custom elsewhere). However, an industrial customer that buys substantial quantities of a product from a business may be able to negotiate lower or special prices.

**Other elements of the marketing mix** – it is important to understand that prices cannot be set without reference to other parts of the marketing mix. The distribution channels used will affect price – different prices might be charged for the same product sold direct to consumers or via intermediaries. The price of a product in the decline stage of its product life-cycle will need to be lower than when it was first launched.

### **iii. Pricing Strategy for New Product**

A company will often use a price skimming or penetration pricing strategy for new products. Companies that use a price skimming strategy will typically set prices relatively high versus competitive products. A company may also price its product commensurate with competitive products. The first new product pricing strategies is called price-skimming. It is also referred to as market-skimming pricing. Price-skimming (or market-skimming) calls for setting a high price for a new product to skim maximum revenues layer by layer from those segments willing to pay the high price. This means that the company lowers the price stepwise to skim maximum profit from each segment. As a result of this new product pricing strategy, the company makes fewer but more profitable sales.

A firm that uses a penetration pricing strategy prices a product or a service at a smaller amount than its usual, long range market price in order to increase more rapid market recognition or to increase their existing market share. The penetration strategy is also used to discourage competitors from entering the market. Penetration pricing reflects a long term perspective in which short term profits are sacrificed in order to establish sustainable competitive advantage

(Paul Fifield, 1994).

#### **iv. Pricing Strategy for Established Product**

An examination of existing prices may lead to one of three strategic alternatives; maintaining the price, reducing the price, or increasing the price.

**Maintaining the price:** If the market segment from which the company derives a big position of its sales is not affected by changes in the environment, the company may decide not to initiate any change in its pricing strategy. **Reducing the price:** there are three main reasons for lowering price. First, as a defensive strategy, prices may be cut in response to competition. In addition, to successfully compete in mature industries; many companies reduce prices, following a strategy that is often called value pricing. A second reason for lowering price is offensive in nature. Following the experience curve concept, costs across the board go down by fixed percentage every time experience doubles. Technology advances have made possible the low cost production of high quality electronics gear. The third and final reason for price cutting may be a response to customer needs. During a period of inflation, all types of costs go up, and to maintain adequate profits, an increase in price becomes necessary. How much the price should be increased is a matter of strategy that varies from case to case (Philip & Garry, 2007).

#### **Promotion Strategy**

In marketing, promotion refers to any type of marketing communication used to inform, persuade and remind target audiences of the relative merits of a product, service, brand or issue. **Promotion Mix Strategy:** The promotion mix is a way for the company to communicate customer value and build customer relationships based on a blend of promotional tools including advertising, sales promotion, personal selling, public relations, and direct marketing (Kotler & Armstrong, 2014)

##### **i. Advertising**

Advertising is a marketing communication that employs an openly sponsored, non-personal message to promote or sell a product, service or idea. Sponsors of advertising are typically businesses wishing to promote their products or services. Advertising is always present, though people may not be aware of it. In today's world, advertising uses every possible media to get its message through. It does this via television, print (newspapers, magazines, journals etc), radio,

press, internet, direct selling, hoardings, mailers, contests, sponsorships, posters, clothes, events, colors, sounds, visuals and even people (endorsements). Advertising is bringing a product (or service) to the attention of potential and current customers. (Bamforth, 2009), stated that advertising evolves from a company's overall marketing strategy.

## **ii. Sales Promotion**

Sales promotion is the process of persuading a potential customer to buy the product. It is designed to be used as a short-term tactic to boost sales – it is rarely suitable as a method of building long-term customer loyalty. Some sales promotions are aimed at consumers. Sales promotion is a type of Pull marketing technique. If you have a product which is new in the market or which is not receiving a lot of attention, then you can promote this product to customers via sales promotions. You can use various techniques like giving discounts on the product, offering 1 + 1 free schemes, coupons, financing, sampling, Bundling, refunds and rebates, exchange , etc.(<http://www.marketingteacher.com>)

## **iii. Public Relation**

Public relations include ongoing activities to ensure the overall company has a strong public image. Public relations activities include helping the public to understand the company and its products. Often, public relations are conducted through the media that is newspapers, television, magazines, etc. As noted above, public relation is often considered as one of the primary activities included in promotions. Public relations include a variety of programs to promote or protect a company's image or individual products. The wise company takes concrete steps to manage successful relationships with its key publics.(Kotler and Keller,2012)

## **iv. Personal Selling**

Personal selling is a face-to-face selling technique by which a salesperson uses his or her interpersonal skills to persuade a customer in buying a particular product. The salesperson tries to highlight various features of the product to convince the customer that it will only add value. However, getting a customer to buy a product is not the motive behind personal selling every time. Often companies try to follow this approach with customers to make them aware of a new product. The company wants to spread awareness about the product for which it adopts a person-to-person approach. This is because selling involves personal touch; a salesperson knows better how to pitch a product to the potential customer. Personal selling can take place through two

different channels – through retail and through direct-to-consumer channel. Under the retail channel, a sales person interacts with potential customers who come on their own to enquire about a product. The job of the salesperson is to make sure that he understands the need of the customers and accordingly shows various products that he keeps under that category. Under the direct channel, a salesperson visits potential customers in an attempt to make them aware about a new product that the company is launching or it may have a new offer which the customers may not get from the open market.(<http://www.marketingteacher.com>)

#### **v. Direct Mail Marketing**

Direct mail is a popular medium because it permits target market selectivity, can be personalized, is flexible, and allows early testing and response measurement. In constructing an effective direct-mail campaign, direct marketers must choose their objectives, target markets and prospects, offer elements, means of testing the campaign, and measures of campaign success.(Kotler and Keller, 2012).

#### **Place/Distribution Strategy**

Distribution Strategy is a strategy or a plan to make a product or a service available to the target customers through its supply chain. A company can decide whether it wants to serve the product and service through their own channels or partner with other companies to use their distribution channels to do the same.

#### **i. Distribution Channels**

Kotler et al (1999) described distribution channel a set of interdependent organizations involved in the process of making particular product or services available for use or consumption by the consumer or industrial user. A distribution channel is a chain of businesses or intermediaries through which a good or service passes until it reaches the end consumer. It can include wholesalers, retailers, distributors, and even the internet. The distribution function of marketing is comparable to the place component of the marketing mix in that both center on getting the goods from the producer to the consumer. A distribution channel in marketing refers to the path or route through which goods and services travel to get from the place of production or manufacture to the final users. It has at its center transportation and logistical considerations.

In marketing, goods can be distributed using two main types of channels: direct distribution



channels and indirect distribution channels. Direct Distribution: A distribution system is said to be direct when the product or service leaves the producer and goes directly to the customer with no middlemen involved. Indirect Distribution: Indirect distribution occurs when there are middlemen or intermediaries within the distribution channel.

### **A) Selection of Distribution Channels**

Distribution channels include your own direct sales force, retailers, wholesalers, distributors and the Internet. To select the right distribution channel for your business, you need to consider what a channel can offer, including location and reach, skills and resources, management costs and degree of control. Some companies need to find a way to serve their customers, wherever they are located. That is why selecting a distribution channel is an important aspect of building a competitive advantage for businesses of every size, according to Shorey Consulting. Distribution channels include company's direct sales force, retailers, distributors and the Internet. The right distribution channel ensures that customers in different locations around the country, or around the world, can buy the products and get the right level of service from a company. To select the right distribution channel for a business, the need to consider what a channel can offer, including location and reach, skills and resources, management costs and degree of control.

### **2.1.3. Sales Performance**

According to literature, sales performance is a combination of sales effectiveness – the ability of a company's sales professionals to “win” at each stage of customer's buying process and ultimately earn the business on the right term and in the right timeframe and sales efficiency. Sales effectiveness is not just a sales function issue ; it is a company issue, as it requires deep collaboration between sales and marketing to understand what is working or not working, and continuous improvement of knowledge, messages, skills, and strategy that sales people apply as they work sales opportunities. Farris et al (2010).Sales performance is typically expressed in terms of sales, revenue, customer satisfaction and profitability. One of the most important of the firms is to enhance sales volume and market share to achieve greater scale of in its operation and improve profitability due to this the managers always want to improve sales performance.

## **2.2. Empirical Review**

An empirical literature review is a systematically literature review and it examines past empirical studies to answer a particular research question.

Amirhosein and Zohre (2013) conducted the research on the effect of marketing strategy on sales performance: the moderating effects of internal and external environment. The study was revealed that marketing strategy has a positive and meaningful relationship on sales performance. Haghghinasab, Sattari, Ebrahim and Roghanian (2013) researched on identification of innovative marketing strategies to increase the performance of SMEs in Iran. It was established that innovative marketing strategies; product, price, place and promotion influences sales performance.

Adewale, Adesola and Oyewale (2013) conducted a research on impact of marketing strategy on business performance in small and medium enterprises in Oluyele local government, Ibadan, Nigeria. The research was established that product, price place, packaging and after sales services affects business performance. Owomoyela, Oyeniy and Ola (2013) undertook the research on the impact of marketing mix elements on consumer loyalty: An empirical study of Nigeria Breweries Plc. It was recommended that Nigeria Breweries should produce superior products, charge competitive price, position appropriately, promote widely and provide other distinctive functional benefits to consumers.

Ardjourman and Asma (2015). Investigating marketing management strategies affecting performance of Enterprises in Cote D'Ivoire. The finding of the study revealed that there is the high level of awareness of the significance roles played by marketing management strategies in the performance of SMEs. Ebituetal (2015) did a study on marketing problem and the performance of the selected enterprises in Southern Senatorial District of Cross River State in Nigeria. The study of the finding highlighted was: there is the significant relationship between the marketing problems experienced by SMEs and increased the profit margin and sales volume.

Ebitu (2016) researched on marketing strategies and the performance of small and medium enterprise in AkwaIbom State Nigeria. It was established that product quality strategy and relationship marketing strategy has a positive and significant influence on profitability and increase in market shares. The study recommended that SME's in Nigeria should invest more in product quality rather than advertisement.

Bintu (2017) carried out the research on effect of marketing mix strategy on performance of small scale businesses in Maiduguri Metropolitan, Boron State Nigeria. The study was revealed that marketing strategy; product, price, promotion and place have a significant influence on business performance.

NigistKelemu (2017) conducted research on the role of marketing strategy for sales volume: A case study on Ethiopian Textile Firms. Therefore, the finding of the study revealed that there is a positive association between marketing strategy and sales volume.

Simegu Desalegne (2017). Conducted a study on the impact of marketing mix strategy on organizational profitability in the case of Horizon Addis Tyer S.C. The finding of the study suggests that all four variables of marketing mix strategy (product, pricing, promotion and place) have strong and significant relationship with profitability.

Meron Asegedam (2018). Undertook research on the effect of marketing strategy on consumer satisfaction in the case of St.George Brewery. The result of the study shows product, distribution, promotion and relation marketing strategy have positive significant impact on customer satisfaction.

### **2.3 Summary of empirical review and knowledge gap**

The knowledge gap is derived from a critical review and analysis of empirical review. Thus, the researcher filled the knowledge gap by identifying, investigating, exploring, improving and discovering of the studied researches. Then, this study contributes to the existing study of marketing strategy by supporting the effect of marketing mix strategy on sales performance. Accordingly, after the researcher reviewed the empirical literatures, he identified the following knowledge gaps and attempted to fill the gaps:

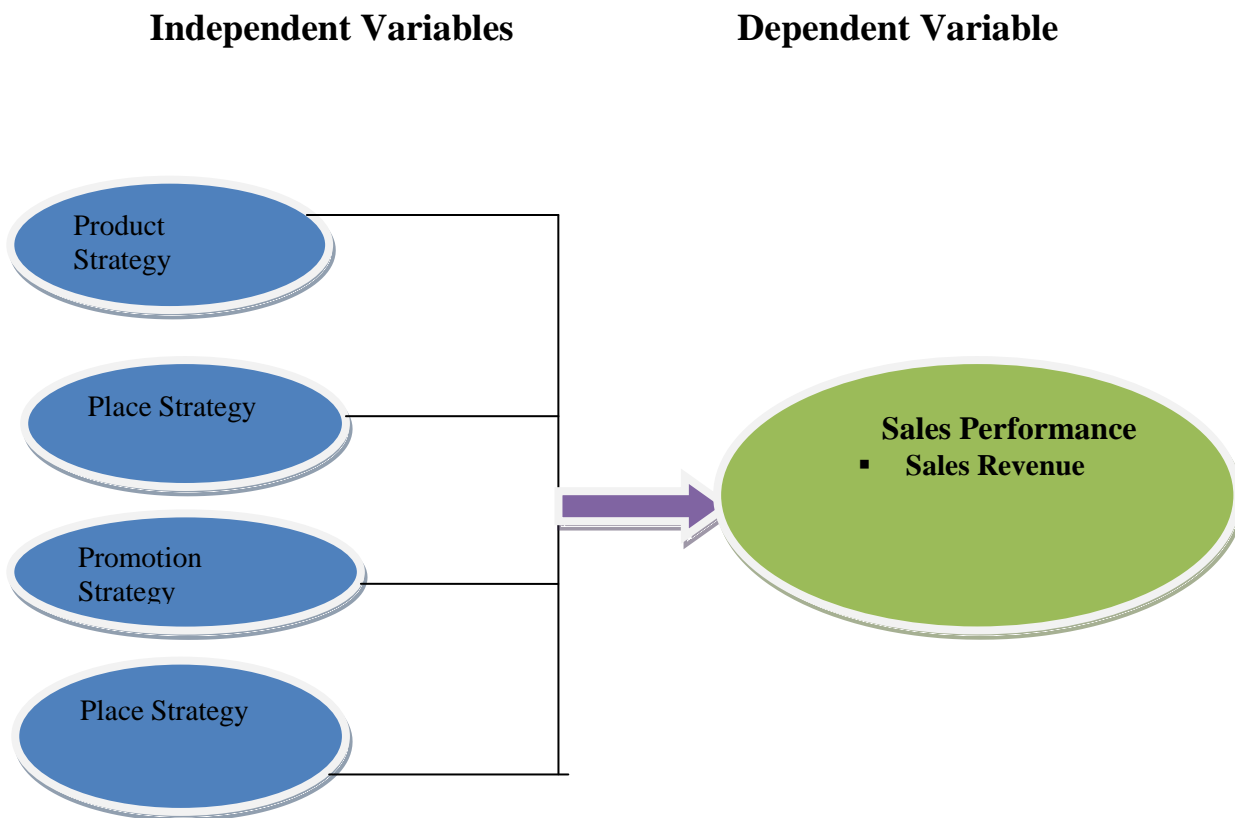
Fizebakhsh.(2002) stated that any business firms to sale its products/services, maximize, and to achieve these objectives, it is imperative note that it is not simply the matter of producing goods or services alone that meets customer's wants and needs and increasing sales revenue and profit, but how well the marketing strategy developed and implemented. In one way or another some firms able to do these but some are more successful in market place than others. The question that then arises is how business firms will identify, develop, implement efficient and effective marketing strategy so as to increasing sales performance? With reports of the varying degree of success or failure recorded by manufacturing firms. Thus, in order to address this knowledge

gap, it is imperative that the researcher attempts to conduct a detail study on the effect of product, price, promotion, and place strategy on sales performance so as to boast the sales performance of NALF.

## 2.4.. Conceptual Framework

Based on the above empirical and related literature review the conceptual framework was developed. The conceptual framework below shows the variables of the study which include marketing mix strategies (product, price, promotion and place strategy) as the independent variable that affect the sales performance (dependent variable).

**Figure 2.1 Conceptual framework of the study**



Source: Little variables modification from Leanard (2012)

## **CHAPTER THREE**

### **RESEARCH DESIGN AND METHODS**

This chapter described and justified the methodology selected to collect and analyze the data and addressed how to answer the research questions. Thus, it comprised research design, target population, sampling technique and size, source of data, data collection techniques, model specification and method of data analysis and presentation.

#### **3.1. Research Design**

Kothari and Garg (2014) defined research design as the arrangements of circumstances for gathering and examination of data in a way that aims to combine relevance to the research objective in a more efficient manner. It is the basis on which this research was conducted and it specified the background on which data was collected, measured and analyzed.

Thus, the research was adopted descriptive and explanatory research design and used quantitative approach to address “The Effect of Marketing Strategy on Sales Performance in the Case of National Alcohol and Liquor Factory (NALF) in Addis Ababa. Creswell (2005) asserted that explanatory research is useful for identifying the type of association, explaining complex relationships of multiple factors that explain an outcome, and predicting an outcome from one or more predictors.

Besides, the researcher used quantitative research approach. Creswell (2003) states, quantitative research approach “employ strategies of inquiry such as experimental and surveys, and collect data on predetermined instruments that yield statistical data”. The findings from quantitative research were predictive, explanatory, and confirming.

#### **3.2. Target Population**

Sekaran (2005) explained population is the entire group of people, events or things of interest that the researcher wishes to investigate. Accordingly, the target populations of the study were all 119 wholesalers’ of NALF operating in Addis Ababa (all sub cities). Thus, considering the size of the population is small, the target population in general was addressed fully through census. Besides, the researcher selected the wholesalers and their sales staff as the target population of the study, because, they have experience and responsible to implementing marketing and sales activities and deep knowledge about NALF marketing and sales strategies than others. Therefore,

all 119 wholesalers' total population of sales staffs' was 170.

NALF selected and assigned all 119 wholesalers based on their potential in experience, marketing, financial, material, human recourse and the number potential consumers available in each sub city.

### **3.3. Sampling Technique and sample size**

The research used purposive sampling method to determine the sample size of the research. The researcher selected wholesalers among agents, consumers and NALF marketing staffs, because wholesalers have daily contact (bridge) with NALF and consumers and acquire every latest and detail information and knowledge about NALF marketing activities. Besides, the rationale behind preferring this method was to include one of sales department staffs (sales manager, sales supervisor or sales operator) of all wholesalers of NALF which operating in Addis Ababa as respondents because the researcher assumed that this staff members have better knowledge regarding the study company marketing strategies and sales performance than other departments.

The total population of the study was 170 employees working each wholesaler's sales staffs. Since the study population is homogenous in dealing with the effect of marketing mix strategy on sales performance, simple random sampling technique was used to select the representative sample. The number of sample was determined using sample size determination formula developed by Yamane (1967).

$$n = N / 1 + N (e)^2$$

Where, n = sample size

N = population size

e = acceptable sampling error.

$$n = 170 / 1 + 170 (0.05)^2 = 119$$

Therefore, out of 170 employees, questionnaire was distributed to 119 employees. Total of 101 responses were received, which represented the response rate of 84.9%.

### **3.4. Source and method of data collection**

The primary data were collected through questionnaires. Besides, secondary data were gathered from NALF's records and website, internet, journals, books, etc. The researcher utilized a questionnaire method to collect primary data from all NALF all 119 wholesalers operating in Addis Ababa, and 119 questionnaires were distributed, and out of which 101 questionnaires were returned with the response rate of 84.9%. Besides, secondary data were gathered from company's documents and website, internet, journals, books, etc.

The questionnaires tested for validity and reliability. Instrument reliability and validation conducted as a pilot exercise with four selected wholesaler's managers and supervisors operating at Addis Ababa. The questionnaires comprised two sections in which section A contained the demographic information, and section B contained questions on the extent of marketing mix (4Ps) usage. Section B questionnaire was designed on a five point Likert type scale from 1 strongly disagree to 5 strongly agree.

To support the objectives of the study, the extent of product strategy, price strategy, promotion strategy, and place strategy practice data was gathered from 2015 to 2019 periods, and the sales performance which is sales revenue data was gathered from NALF records the same periods (from 2015 to 2019).

### **3.5. Method of Data analysis**

The collected data were analyzed with descriptive statistics, correlation and multiple linear regressions. The data received from the respondents were edited, coded, and analyzed using IBM SPSS statistics version 23 Computer Software. Quantitative data output were presented in the form of descriptive statistics using mean, and standard deviation, frequency and frequency distribution, valid and cumulative percentage for each of the variables used in the study. Before running multiple linear regression, the researcher has tested three basic assumption model Test: Normality Distribution Test; Linearity of Relationship Test; and Multicollinearity Test. Correlation and multiple linear regression analysis techniques (models) were also be used measure the relationship and predicting between the independent variables (product, price, promotion and place strategy) and dependent variable (sales performance) of the study. Accordingly, correlation analysis was used to measure the strength of the association between marketing mix strategy (independent variables) and sales performance (dependent variable).

Besides, multiple linear regression analysis was used to know by how much the independent variables explain or affect the dependent variable.

### **3.6. Model specification**

In order to found the cause and effect relationship between marketing strategy and sales performance the study have used multiple regression model to measure the level of significant relationship between the dependent and independent variables. The model applied to show this influence is presented as follows;

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \varepsilon$$

**Where:** Y = marketing strategy

$\beta_0$  = Constant (value of Y when X1, X2, X3 and X4= 0)

$\beta_1$  = Regression coefficient for product strategy

X1= product strategy

B2=Regression coefficient for price strategy

X2= price strategy

B3=Regression coefficient for promotion strategy

X3= promotion strategy

B4=Coefficient of regression for place strategy

X4= place strategy

$\varepsilon$  = the error

### **3.7. Ethical Consideration**

The source of the data for the study was questionnaires and the data were collected from 101wholesalers of NALF that operating in Addis Ababa. The respondents were assured thatany information they presented were kept utterly confidential and were be used only for academic purpose. Theirs corporation and prompt response were be highly appreciated.

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

#### **3.8.1. Validity Test**

The scientific soundness of a research finding was determined by the validity of the instrument used. Validity refers to the extent to which questions in an instrument accurately measure the variables therein (Hair et al., 2003). In other words, validity is the accuracy and meaningfulness of inferences, which are based on the research results (Mugenda, 2003). All possible efforts were done to make the data collection instrument easily understandable by respondents. Thus, after



questionnaire was developed, pre – testing was done with NALF four wholesalers’ managers and supervisors allowing them to read and comment on it. Accordingly, constructive comments were taken and the questionnaire was adjusted.

### 3.8.2. Reliability Test

Reliability refers to the degree to which a set of variables are consistent with what they are intended to measure (Amin, 2005). The appropriate test for reliability is inter-item consistency reliability which is popular known as Cronbach’s alpha. Besides, according to Joseph and Rosemary (2003) ,Cronbach’s alpha reliability coefficient ( $\alpha$ ) ranges between 0 and 1. According to the author there is a rater internal consistency of the items if the Cronbach’s alpha coefficient closes to1.

Based on the following rule of thumb of ( George and Mallery, 2003), if “  $\alpha >0.9$  ‘ Excellent ’ ,  $\alpha >0.8$  ‘ Good ’ ,  $\alpha >0.7$  ‘ Acceptable ’ ,  $\alpha >0.6$  ‘ Questionable’ ,  $\alpha >0.5$  ‘ Poor’ and  $\alpha <0.5$  ‘ Unacceptable ’ ”

Table below revealed that there was ‘acceptable’, ‘good’ and ‘excellent’ internal consistency of each variable’s parameters used. And the study has the sum of the independent variables average Cronbach’s alpha value of ( $\alpha = 0.834$ ) and the reliability test of the study is located on "Good" range.

**Table 3.1 Reliability Test of Variables Using Cronach’s Alpha**

Item	Number of Items	Cronbach's Alpha if Item Deleted	Internal Consistency
product strategy	8	.780	Acceptable
price strategy	5	.970	Excellent
promotion strategy	5	.781	Acceptable
place strategy	5	.804	Good
Over all	23	.834	Good

Source: Respondents Survey Test Result, 2020

## CHAPTER FOUR

### RESULT PRESENTATION AND ANALYSIS

In this section of the research, the data collected from questionnaire is analyzed, presented, interpreted, and discussed using descriptive statistics, and inferential statistic which are correlation and multiple linear regression analysis of SPSS version 23 with simple and understandable manner.

#### 4.1. Demographic Information of Respondents

This section described an analysis and discussions on demography information of the respondents who participated in this research study. The demography factors used in this research are gender, age, education, job category, and work experience.

##### 4.1.1 Gender of Respondents

As depicted table 4.1 below, out of 101 respondents 68.3% were male and the remaining 31.7% respondents were female. From this study could generalize that most of the respondents were male.

**Table 4.1 Gender of Respondents**

Gender				
	Frequency	Percent	Valid Percent	Cumulative Percent
Valid female	32	31.7	31.7	31.7
male	69	68.3	68.3	100.0
Total	101	100.0	100.0	

Source: SPSS Output of Survey, 2020

##### 4.1.2 Age of Respondents

Table 4.2 below indicated that the majority age of respondents were between 36 to 45 years old that accounts 40.6%. Respondents who were under 25 years old are 10.9%, from 26 to 35 years old are 13.9%, and from 46 to 55 years old accounts 25.7%, and above 55 years old are 8.9%. From the below table readers can understand the majority of the target population age range is middle age and these respondents could be active to respond the questionnaire attentively.

**Table 4.2 Age of Respondents**

Age				
	Frequency	Percent	Valid Percent	Cumulative Percent
Valid under 25	11	10.9	10.9	10.9
26-35	14	13.9	13.9	24.8
36-45	41	40.6	40.6	65.3
46-55	26	25.7	25.7	91.1
above 55	9	8.9	8.9	100.0
Total	101	100.0	100.0	

Source: SPSS Output of Survey, 2020

#### 4.1.3 Education Level of Respondents

As table 4.3 below depicted that the majority education level of the respondents have acquired Diploma which represent 55.5%, Degree holder's account 25.7%, and where as the remaining the respondents (18.8%) have Master Degree. Therefore, all the respondents could read, understand and respond the questionnaires.

**Table 4.3 Education Level of Respondents**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Diploma	56	55.5	55.5	55.5
Degree	26	25.7	25.7	81.2
Master	19	18.8	18.8	100
Total	101	100.0	100.0	

Source: SPSS Output of Survey, 2020

#### 4.1.4 Job category of Respondents

As table4.4 below revealed that the majority of job category of the respondents are supervisors represent 70.3%, following managers who account 15.8% of the respondents, whereas sales operators represents 13.9% of the respondents. Accordingly, being the majority of the respondents are sales supervisors, the supervisors can more aware internal and external marketing information about liquor business in the country than other sales department staffs.

**Table 4.4 Job Category Respondents**

Job Category				
	Frequency	Percent	Valid Percent	Cumulative Percent
Valid sales operator	14	13.9	13.9	13.9
supervisor	71	70.3	70.3	84.2
manager	16	15.8	15.8	100.0
Total	101	100.0	100.0	

Source: SPSS Output of Survey, 2020

#### 4.1.5 Work Experience of Respondents

As it can be seen on the table 4.5 below, the highest number of the respondents' work experience were between 6 to 10 years which accounts 30.7%, the respondents who had less than one year work experience represent 6.9%, the respondents who had between 1 to 5 years work experience account for 18.8%, 19.8% of the respondents who had between 11 to 15 years work experience, where as the remaining 23.8% of the respondents were those who had above 15 years work experience. Therefore, the respondents work experience from 6 years to above 15 years total comprised 74.4%. From this data the researcher concludes that the more years the employees served the company, the employees have more awareness about liquor business and respond the questionnaire effectively.

**Table 4.5 Work Experience Respondents**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid <1 year	7	6.9	6.9	6.9
1-5 years	19	18.8	18.8	25.7
6-10 years	31	30.7	30.7	56.4
11-15 years	20	19.8	19.8	76.2
above 15 years	24	23.8	23.8	100.0
Total	101	100.0	100.0	

Source: SPSS Output of Survey, 2020

## 4.2 Descriptive Statistics

Descriptive statistics is suitable for Likert scale items to analyzed and presented by using mean and standard division for both independent variables for this study. Therefore, result and the discussions of the study on the extent of marketing mix strategy usage are presented below.

### 4.2.1.1 Survey result of the extent of marketing mix strategy usage

Table 4.6 summarized the survey result of the extent of marketing mix strategy usage. Respondents were asked a number of questions and rated them with the highest being strongly agree (5) and the least being strongly disagree (1)

As table 4.6 below indicated that all variables mean score is greater than 3 (average). Comparison of the mean dimension indicates that the majority of the respondents agreed that the product strategy which was the best strategy accounts (mean = 3.94), followed by promotion strategy which represents (mean = 3.84), the respondents further noted that place strategy accounts (mean = 3.57), and price strategy represents (mean = 3.34). Thus, as it is show from the result of the mean score, all the means dimension of marketing mix strategy ranges 3.94 to 3.34. As the table below infers that the marketing mix of NALF result is above average level. Hence, the result revealed that the majority of the respondents responded above (mean 3.000) that the marketing mix strategies contributed the achievement of sales performance.

**Table 4.6 Mean result of Marketing Mix Strategy**

Marketing Mix strategy and sales performance	N	Mean
Product Strategy	101	3.94
Price Strategy	101	3.34
Promotion Strategy	101	3.84
Place Strategy	101	3.57

Source: SPSS Output of Survey, 2020

Table 4.7 summarized the survey result of the extent of product strategy usage. Respondents were asked a number of questions and rated them with the highest being strongly agree (5) and the least being strongly disagree (1)

The survey result table 4.7 below depicted that the majority of the respondents agreed that the company offers high quality products (mean = 4.32), the taste of NALF liquor is better than other liquor brands (mean = 4.26), NALF liquor is adding unique features in the existing product (mean = 4.18), the company has positive brand image (mean = 4.05), the product mix (varieties) is consistent (mean = 4.02). Respondents responded moderate level on NALF liquor respond to changes in customer perceptions and needs (mean = 3.98), and company's product development strategy retain market share (mean = 3.81). Whereas majority of the respondents disagree that the packaging of the products is effective (mean = 2.86). Hence, the result revealed that the majority of the respondents responded above (mean 3.000) that most of the product strategies contributed the achievement of sales performance.

**Table 4.7 Mean result of Product Strategy**

<b>Product strategy</b>	<b>N</b>	<b>Mean</b>
NALF product packaging is easy to use	101	2.86
I think that the taste of NALF liquor is better than other liquor brands	101	4.26
I think that NALF liquor is adding unique features in the existing product	101	4.18
I think that NALF liquor respond to changes in customer perceptions and needs	101	3.98
In my opinion NALF offers high quality products	101	4.32
NALF has positive brand image	101	4.05
NALF's product development strategy retain market share	101	3.81
I believe NALF product mix is consistent	101	4.02

Source: SPSS Output of Survey, 2020

Table 4.8 summarized the survey result of the extent of price strategy usage. Respondents were asked a number of questions and rated them with the highest being strongly agree (5) and the least being strongly disagree (1)

The result on price strategy mean comparison showed on table 4.8 below that the majority of the respondent responded moderate level on the price strategy suitable for large customer base(mean = 3.99), the company price strategy is reasonable (mean = 3.58), the company makes price change quickly to market changes (mean = 3.58). However, the respondents answered that penetration price is increases sales volume (mean = 2.90), and the price decisions allows credit sales (mean = 2.63) the respondents rated disagreement level. Therefore, the result of the price strategy depicted that all the respondents responded moderate and disagreement level. From this data survey result we infer that NALF should improve and perform pricing strategy effectively and efficient.

**Table 4.8 Mean result of Price Strategy**

<b>Price strategy</b>	<b>N</b>	<b>Mean</b>
I belief NALF price decisions allows credit sales	101	2.63
I think NALF’ price strategy is reasonable	101	3.58
NALF penetration price is increases sales volume	101	2.90
NALF makes price change quickly to market changes	101	3.58
The price strategy suitable for large customer base	101	3.99

Source: SPSS Output of Survey, 2020

Table 4.9 summarized the survey result of the extent of promotion strategy usage. Respondents were asked a number of questions and rated them with the highest being strongly agree (5) and the least being strongly disagree (1)

The result on the promotion strategy revealed on table 4.9 below that the majority of the respondents agreed promoting with car branding increasing sales performance (mean = 4.24), the company uses publicity to promote its products (mean = 4.11), NALF sales person create interest to increase sales performance (mean = 4.06), and the practices of NALF sales promotions is effective (mean = 4.03) on the agreement level. Whereas, the respondents responded the advertising campaigns of NALF seem effective compared to competitors (mean

= 2.77) on the disagreement level. Even though, the majority of the respondents answered the promotion strategy of NALF on the agreement level, the result implies that the company should improve its advertising strategy.

**Table 4.9 Mean result of Promotion Strategy**

Promotion strategy	N	Mean
The advertising campaigns of NALF seem effective compared to competitors	101	2.77
NALF uses publicity to promote its products	101	4.11
I think NALF sales person create interest to increase sales performance	101	4.06
The practices of NALF sales promotions is effective	101	4.03
NALF promoting with car branding increasing sales performance	101	4.24

Source: SPSS Output of Survey, 2020

Table 4.10 summarized the survey result of the extent of place strategy usage. Respondents were asked a number of questions and rated them with the highest being strongly agree (5) and the least being strongly disagree (1)

The mean compassion result on table 4.10 indicated that the majority of the respondents agreed that the store design is appropriate which accounts (mean = 4.12), and NALF provides sales support to strengthen the channel partner relationship with clients ( mean = 4.08) on agreement level. The respondents responded that the customer service quality of NALF is effective which accounts (mean = 3.81) on moderate level. Whereas, the respondents disagreed that the crates are suitable for transporting bottles which represents (mean = 2.95), and NALF uses flexibility methods of delivering products which accounts (mean = 2.89). From the survey result could infer that the moderate and disagreement level responses need to improve, and implement place strategy effectively and efficiently.



**Table 4.10 Mean result of Place Strategy**

<b>Place strategy</b>	<b>N</b>	<b>Mean</b>
NALF uses flexibility methods of delivering products	101	2.89
NALF provides sales support to strengthen the channel partner relationship with clients	101	4.08
The crates NALF are suitable for transporting bottles	101	2.95
The store design NALF is appropriate	101	4.12
I feel the customer service quality of NALF is effective	101	3.81

Source: SPSS Output of Survey, 2020

### **4.3. Inferential statistics result**

In this section the result of inferential statistics specifically correlation and regression analysis result were presented as follows:

#### **4.3.1 Correlation Analysis**

Correlation shows the strength and direction of relationship between variables. The linear relationship between variables can be measured by correlation coefficient ( $r$ ), which is commonly called *Pearson product moment correlation*. Person's " $r$ " mainly measures the data from the interval or ratio level and used to measure based on the deviation from the mean (Yabebal, 2017). Pearson's Correlation to show ( + or -) the direction of relationship and strengthen between the variables and Significant tested at 99% and 95% confidence levels based on two tailed correlation and significant less than 0.01 to 0.05. A positive correlation indicates a direction is a direct relationship between variables, while negative correlation shows an inverse relationship between variables.

Based on MacEachron (1982) measurement of association between the predictor variables shows: " $> 0.80$  to  $1.0$ ;  $< -0.80$  to  $-1.0$  = very strong" ; " $> 0.60$  to  $0.80$ ;  $< -0.60$  to  $-0.80$  = strong" ; " $> 0.40$  to  $0.60$ ;  $< -0.40$  to  $-0.60$  = moderate" ; " $> 0.20$  to  $0.40$ ;  $< -0.20$  to  $-0.40$  = weak" ; and " $> 0.00$  to  $0.20$  ;  $< -0.00$  to  $-0.20$  = very weak" .

**Table 4.11 Correlations Matrix between dependent and independent variables**

		product strategy	price strategy	promotion strategy	place strategy	sales performance
product strategy	Pearson Correlation	1	.125	.919**	.882**	.880**
	Sig. (2-tailed)		.213	.000	.000	.000
	N	101	101	101	101	101
price strategy	Pearson Correlation	.125	1	.093	-.061	.099
	Sig. (2-tailed)	.213		.353	.545	.327
	N	101	101	101	101	101
promotion strategy	Pearson Correlation	.919**	.093	1	.901**	.877**
	Sig. (2-tailed)	.000	.353		.000	.000
	N	101	101	101	101	101
place strategy	Pearson Correlation	.882**	-.061	.901**	1	.860**
	Sig. (2-tailed)	.000	.545	.000		.000
	N	101	101	101	101	101
sales performance	Pearson Correlation	.880**	.099	.877**	.860**	1
	Sig. (2-tailed)	.000	.327	.000	.000	
	N	101	101	101	101	101

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

Source: SPSS output of the survey, 2020

From Pearson correlation of the survey result above table 4.11 revealed that the correlation between product strategy and sales performance is positive relationship and they are significantly correlated at ( $R = .880^{**}$ ), ( $P < 0.01$ ) which indicates that there is a very strong relationship between two variables.

Based on the survey result the correlation between promotion strategy and sales performance they are positive relationship and they are significantly correlated at ( $R = .877^{**}$ ), ( $P < 0.01$ ) which reveals there is very strong relationship between two independent and dependent variables.

Furthermore, the survey result indicates that the correlation between place strategy and sales performance they are positive relationship and they are significantly correlated at ( $R = .860^{**}$ ), ( $P < 0.01$ ) which reveals there is very strong relationship between two independent and dependent variables. However, the correlation between price strategy and sales performance they are positive relationship and they are significantly correlated at ( $R = .099$ ) which reveals there is

very weak relationship between two variables.

Based on the correlation result indicates that product, promotion, and place strategy have positive correlation and very strong relationship with sales performance, but, price strategy has positive correlation and very weak relation is observed with sales performance.

### **4.3. 2. Regression Analysis**

Multiple linear regressions are a statistical technique of modeling the relationship between variables. A model has both a dependent and independent variables. Regression analysis was conducted to identify by how much independent variables explain the dependent variable. Accordingly, the independent variables are marketing mix (4Ps) strategy, and the dependent variable is sales performance.

#### **4.3.2.1. Basis assumption model test**

The researcher before conducting multiple linear regression analysis, he has tested three basic assumption tests: Normality Distribution Test, Linearity of Relationship Test, and Multicollarity Test. Thus, all the tests are presented Appendix II.

**Normality distribution tests:** are used to determine if a data set is well- modeled by a normal distribution and to compute how likely it is for a random variable underlying the data set to be normality distributed. Thus multiple linear regressions require the independent variables to normally distribute. Hence, Scholars suggested that Skewness and Kurtosis are statistical tools which is check whether the data is normally distributed or not; and the acceptable range lies between (-1.0 to 1.0). Accordingly, both the Skewness and the Kurtosis test results are within the acceptable range(-1.0 to 1.0).

**Linearity of relationship test:** is statistical tool which used to describe a straight line relationship between independent and dependent variable. Hence, the test of normality probability plot shows that there exists a linear relationship between independent and dependent variable.

**Multicollarity test:** is a state of very high inter-correlation or inter-association among the independent variables. Accordingly, existence of multicollarity can be checked using ‘Tolerance’ or ‘VIP’ value for each predictor variable. According to literatures, Tolerance less than 0.1 and ‘VIP’ greater than 10 indicate the existence of multicollarity. Thus, for this survey

data there is no multicollinearity problem.

#### 4.2. 2.2. Model summary

The model summary result on table 4.12 below revealed that the multiple correlation coefficients R is a very strong correlation of .905 between sales performance and marketing mix (4Ps) strategy. Besides, R square value .818 indicated that 81.8% of the total variation on sales performance is explained by marketing mix strategy practice of the company. This means that 18.2% of the sales performance is explained by other factors other than the marketing mix factors studied in this research.

#### Note

**R** represents the correlation or relationship between the dependent and the independent variables.

**R<sup>2</sup>** represents how much of the dependent variable can be explained by the independent variables.

**Table 4.12 Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.905 <sup>a</sup>	.818	.811	.435	2.065
a. Predictors: (Constant), place strategy, price strategy, product strategy, promotion strategy					
b. Dependent Variable: sales performance					

Source: SPSS output of the survey, 2020

#### 4.3. 2 .3. ANOVA Model Fit

As table 4.13 below ANOVA Model Fit depicted that the value of R and R square model summary is statistical significant at (F = 108.018) and (P < 0.01) this means, the 'F' and 'P' value indicated that the product strategy, price strategy, promotion strategy and place strategy are statistically significant.

**Table 4.13. ANOVA Model Fit**

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	81.821	4	20.455	108.018	.000 <sup>b</sup>
Residual	18.179	96	.189		
Total	100.000	100			

a. Dependent Variable: sales performance

b. Predictors: (Constant), place strategy, price strategy, product strategy, promotion strategy

Source: SPSS output of the survey, 2020

#### 4.3.2.4. Beta Coefficient

**Standard (regression) Coefficient:** compares the strength of the effect of each individual variable to dependent variable. Besides, it refers to how many standard deviation a dependent variable will change, per standard deviation increase in predictor variable.

Among the four independent variables statistically significant test, product, promotion and place strategy statistically significant with (B = .361), (B = .264), (B = .308), respectively, and all P – value ( P<0.05) for predicting sales performance. However, price strategy is statistically insignificant for predicting sales performance with (B = .048),(P >0.05)

**Unstandardizes Coefficient** represents the amount of change in dependent variable Y due to a change of 1 unit of independent variable X. Further, it is the coefficient of the estimated of regression model by including error terms. Since in this study product, promotion and place strategy statistically significant for predicting sales performance. The established regression model of this study depicted below:

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

$$Y = 3.733E-17 + .361 + .048 + .264 + .308 + .435$$

Where, Y = Sales Performance

$\beta_0$  = Constant

$\beta_1 X_1$  = Product Strategy

$\beta_{2X2}$  = Price Strategy

$\beta_{3X3}$  = Promotion Strategy

$\beta_{4X4}$  = Place Strategy

$\epsilon$  = Std. Error of the Estimate

The regression equation table 4.14. below has established that taking all other independent variables at zero, a unit increase in product strategy would lead to a 0.361 increase in sales performance, besides; the finding shows that a unit increase in promotion strategy would lead to a 0.264 increase in sales performance. Furthermore, the findings reveal that a unit increase in place strategy would lead to a 0.308 increase in sales performance. Overall product strategy had the highest effect on sales performance of NALF followed by place strategy and promotion strategy.

The below coefficients table show that sales performance has a positive relationship that is statistically significant ( $B=0.361$ ;  $P<0.05$ ) to product strategy. Thus, the higher the product strategy implemented, the higher the sales performance levels are likely to be. Besides, Place strategy also a direct (positive) effect on sales performance where 0.308 increases in sales performance is caused by a consequent a unit increases place strategy. This relationship is statistically significant ( $B=0.308$ ,  $P<0.05$ ), this indicates that NALF uses place strategy increasing sales performance. Furthermore, Promotion strategy also a statistically positive effect on sales performance where 0.264 in sales performance is caused by a resulting a unit increases of promotion strategy. According to the finding promotion strategy had a statistically significant effects on sales performance with Beta Coefficient ( $B=0.264$ ), ( $P<0.05$ ). However, the result indicates that only price strategy ( $B = 0.048$ ), ( $P > 0.05$ ) has statistically insignificant effect on sales performance. Therefore, the hypothesis (H2) stated that price strategy has a significant positive effect on sales performance was not supported or (H2) was rejected.

**Table 4.14 Beta Coefficient**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	3.733E-17	.043		.000	1.000
product strategy	.361	.120	.361	3.016	.003
price strategy	.048	.048	.048	.998	.321
promotion strategy	.264	.128	.264	2.061	.042
place strategy	.308	.115	.308	2.688	.008

a. Dependent Variable: sales performance  
Source: SPSS output of the survey, 2020

**Hypothesis testing** for this study is based on standardized coefficients beta and p -value to test whether, the hypotheses are accepted or not.

- H1: Product strategy has significant positive effect on sales performance in NALF. T value for the variable of product strategy has also a significance level of (0.003) so that the p-value is less than 0.05. Thus; hypothesis 1 is **accepted** that product strategy has significant positive effect on sales performance.
- H2: Price strategy has significant positive effect on sales performance in NALF. T value for the variable of price strategy has a significance level of (0.321) so that the p-value is greater than 0.05. Thus; hypothesis 2 is **rejected** that price strategy has not significant positive effect on sales performance.
- H3: Promotion strategy has significant positive effect on sales performance in NALF. T value for the variable of promotion strategy has also a significance level of (0.042 ) so that the p- value is less than 0.05. Thus; hypothesis 3 is **accepted** that promotion strategy has significant positive effect on sales performance.
- H4: Place strategy has significant positive effect on sales performance in NALF. T value for the variable of place strategy has also a significance level of (0.008) so that the p-value is less than 0.05. Thus; hypothesis 4 is **accepted** that place strategy has significant positive effect on sales performance.

#### **4.4 Discussion of the Study**

The objective of the research study was to examine the effect of marketing mix strategy on sales performance in the case of National Alcohol and Liquor Factory in Addis Ababa. Hence, the discussion of the study was presented as follows.

##### **Product Strategy**

The finding of this study indicated that the majority of the respondents agreed that product quality has a positive impact on sales performance. This study supported the study done by Feng, et al (2007) product quality, efficiency and business result affects firm's performance. Besides, the majority of the respondents agreed that the brand image positively influencing the sales performance. This study in line with similar study done by Debrach (2016) which revealed that brand image awareness has a significant positive effect on sales performance.

In regards to the product development practice, majority of the respondents responded that the product development practice positively affect sales performance. Besides, majority of the respondents agreed that product mix consistency positively affect sales performance. Furthermore, the respondents rated NALF liquor is better than other liquor brands; NALF liquor is adding unique features in the existing product; NALF responds to changes in customer perceptions and needs; and company's product development strategy retain market share agreement level. Nigist Kelemu (2017) studied about marketing strategy and concluded product design feature style fitness with customer need, benefits and its ability to solve consumer's problem, exceed consumer expectation, availability of after sales service, warranty, delivery, product performance and conformance quality and the overall product quality relative to competitors offer are positively related with product's sales level. Leonidou, et al., (2002) studied about marketing strategy and concluded that product design, brand mix (name, sign, symbol, design), warranty, customer service as pre- and after-sales services, and product advantages(such as luxury, prestige, and quality) are variable of product marketing strategy that influences product performance and sales. Lages et al., (2004) has showed that product quality and service quality was the one of the main determinants. Design, brand image, innovation and product differentiation was found as other determinants.

However, the majority of the respondents responded that the packaging of the product couldn't positively affect sales performance. Similar study conducted by Rizwan et al (2014) in contrast to this study their finding revealed that consumer attitude towards product packaging positively



influencing consumer purchase decision. Besides, Kotler (2000), product packaging used to attract customer attention, describe the product clutter on retailers shelves hence motivate customer to purchase a product.

The mean comparison of the marketing mix (4Ps) strategy practice, the product strategy practice of the Company that the respondents noted with the mean value of 3.94. This explanatory variable is positive and significantly correlated with sales performance with ( $R = 0.880$ ), ( $P < 0.01$ ) and these two variables have very strong relationship. Product strategy has a direct (positive) effect on sales performance where 0.361 in sales performance is caused by a consequent of a unit increase of product strategy. This relationship is statistically significant with Beta coefficient ( $B = 0.361$ ), ( $P < 0.05$ ), this indicates that NALF uses product strategy increasing sales performance with offering high quality products, good taste, adding unique features, consistency of product mix, and change the product with change in customer perception and needs. Accordingly, the hypothesis (H1) stated that product strategy has a significant positive effect on sales performance was supported.

### **Price Strategy**

The survey finding revealed that the majority of the respondents responded that the price strategy suitable for large customer base has positive impact on sales performance. Louter et al (1991) in his research it was revealed that there was a positive relationship between pricing strategy and firm performance. Further, the respondents the company price strategy is reasonable, and the company makes price change quickly to market changes rated moderate level. This study supported by the research done by Meron Asegdon (2017) that the company price strategy reasonable and the company makes seasonal price change that has positive effect customer satisfaction.

However, penetration price increases sales volume the respondents rated disagreement level. On the contrary, the study done by Sije and Oloko (2013) on penetration pricing strategy and performance of small and medium enterprises in Kenya revealed that there was a strong positive correlation between penetration pricing and performance. On contrary to this study, a research done also by Njomo and Margaret (2016) that penetration pricing has negative effect on organizational growth.

Besides, based on the finding of the study, the majority of the respondents responded that credit sales have negative impact on sales performance. According to the study conducted by Bingqun

et al. (2016) on the contrary to present study, that their study revealed that the credit sales Positively influence sales performance.

The mean comparison of the marketing mix (4Ps) strategy practice, the price strategy practice of the Company that the respondents noted with the mean value of 3.34. This explanatory variable is positive and correlated with sales performance with ( $R = 0.099$ ), ( $P < 0.01$ ). This relationship is statistically insignificant with Beta coefficient ( $B = 0.048$ ), ( $P > 0.05$ ). Accordingly, the hypothesis (H2) test stated that price strategy has a significant positive effect on sales performance was not supported.

### **Promotion Strategy**

Based on the finding of the study, the majority of the respondents responded that the practice of sales promotions has positive impact on sales performance. This study done by Mullin (2010) which revealed that sales promotion is used by organizations to increase volume, induce trial, increase repeat purchase, increase customer loyalty, increase product usage, create interest, create awareness and create brand awareness. Based on research done by Cheruiyot and Peter (2016) findings revealed that, sales promotion, enhance the company's performance by enhancing customer attraction, customer loyalty, sales volumes, branch expansion and reminding customers.

Besides, based on the finding of the study, the majority of the respondents noted that promoting with car branding (advertising) has positive effect on sales performance. Furthermore, the finding of the study, the majority of the respondents agreed that the company uses of publicity to promote its products have positive impact on sales performance. According to research done by Cheruiyot and Peter (2016) findings revealed that, publicity, enhance the company's performance by enhancing customer attraction, customer loyalty, sales volumes, branch expansion and reminding customers.

The survey finding indicated that the majority of the respondents responded that the sales person create interest to increase sales performance has positive impact on sales performance. According to research done by Cheruiyot and Peter (2016) findings revealed that, personal selling; enhance the company's performance by enhancing customer attraction, customer loyalty, sales volumes, branch expansion and reminding customers.

However, according to the survey finding, the majority of the respondents disagreed that the

advertising campaigns of NALF seem expensive compared to competitors. On the contrary, similar study opposed this study done by Ashkan (2016) which revealed that advertising has positive impact on sales increase. The research done by Cheruiyot and Peter (2016) findings revealed that, advertising, enhance the company's performance by enhancing customer attraction, customer loyalty, sales volumes, branch expansion and reminding customers.

The mean comparison of the marketing mix (4Ps) strategy practice, the promotion strategy practice of the Company that the respondents noted with the mean value of 3.84. This explanatory variable is positive and significantly correlated with sales performance with ( $R = 0.877$ ), ( $P < 0.01$ ) and these two variables have very strong relationship. Promotion strategy direct (positive) effect on sales performance where 0.264 increases in sales performance is caused by a consequent a unit increases of promotion strategy. This relationship is statistically significant with Beta coefficient ( $B=0.264$ ), ( $P<0.05$ ), this indicates that NALF uses promotion strategy increasing sales performance with promoting with car branding, publicity, personal selling and sales promotion. Accordingly, the hypothesis (H3) stated that promotion strategy has a significant positive effect on sales performance was supported.

### **Place Strategy**

According to the finding of the study, the majority of the respondents responded moderate extent to the store design has positive effect on sales performance. Similar study conducted by Mwenda (2017) revealed that respondents agreed that use of store design has a positive effect on consumer purchase and sales volume. Besides, this study is in line with Mowen and Minor (2004) store design has a positive effect on consumer purchase decision hence increase in sales.

The finding of the study revealed that the majority of the respondents noted to moderate extent to that the company provides sales support to strengthen the channel partner relationship with clients has positive impact on sales performance. Besides; the majority of the respondents noted to moderate extent to service quality of NALF is effective. This study supported by the research done by Meron Asegdom(2017) reveals that service quality has positive effect on customer satisfaction. On the contrary, the finding of the study, the respondents disagreed that the crates are suitable for transporting bottles. In addition, the respondents disagreed that NALF uses flexibility methods of delivering products.

The mean comparison of the marketing mix (4Ps) strategy practice, the place strategy practice of the Company that the respondents noted with the mean value of 3.57. This explanatory variable

is positive and significantly correlated with sales performance with ( $R = 0.860$ ), ( $P < 0.01$ ) and these two variables have very strong relationship. Place strategy a direct (positive) effect on sales performance where 0.308 increases in sales performance is caused by a consequent of a unit increases of place strategy. This relationship is statistically significant with Beta coefficient ( $B=0.308$ ), ( $P < 0.05$ ), this indicates that NALF uses place strategy increasing sales performance with exercising appropriate store design, providing sales support, and quality customer service. Thus, the higher the place strategy implemented, the higher the sales performance levels are likely to be. Accordingly, the hypothesis (H4) stated that place strategy has a significant positive effect on sales performance was supported.

To sum up the mean comparison of the marketing mix (4Ps) strategy practice, the product, price, promotion and place strategy practice of the Company that the respondents noted with the mean value of 3.94, 3.34, 3.84 and 3.57 respectively. Based on the correlation result indicates that product, promotion, and place strategy have positive correlation and very strong relationship with sales performance, but, price strategy has positive correlation and very weak relation is observed with sales performance. Besides, the model summary result revealed that the multiple correlation coefficients  $R$  is a very strong correlation of .905 between sales performance and marketing mix (4Ps) strategy, and,  $R$  square value .818 indicated that 81.8% of the total variation on sales performance is explained by marketing mix strategy practice of the company.

Furthermore, the hypothesis product, promotion and place strategy have significant positive effect on sales performance was supported, and these predicting variables have significant effect to predict sales performance. However, price strategy has positive effect on sales performance was rejected, and this predicting variable has insignificant effect to predict sales performance.

## CHAPTER FIVE

### SUMMARY, CONCLUSION AND RECOMMENDATION

Under this chapter, based on the analysis, interpretation and discussion of the previous chapter the summary of the findings, conclusion and recommendation are presented.

#### 5.1. Summary of the Findings

The major findings of the study are presented below as follow:

- The total sample size of 119 questionnaires was distributed, and out of which 101 questionnaires were returned with the response rate of 84.9%. This study revealed that the collected data were tested with Cronbach's alpha value with 'excellent', 'good', and acceptable 'internal consistency of each variable's parameters used. And the study has the sum of the independent and dependent variables average Cronbach's alpha value of ( $\alpha = 0.834$ ) and the reliability test of the study is located on "Good" range.
- The mean comparison of the marketing mix (4Ps) strategy practice, the product strategy practice of the Company that the respondents noted with the mean value of 3.94. This explanatory variable is positive and significantly correlated with sales performance with ( $R = 0.880$ ), ( $P < 0.01$ ) and these two variables have very strong relationship. Product strategy is a direct (positive) effect on sales performance where 0.361 increases in sales performance is caused by a unit increase of product strategy. This relationship is statistically significant with Beta coefficient ( $B=0.361$ ), ( $P < 0.05$ ), this indicates that NALF uses product strategy increasing sales performance. Accordingly, the hypothesis (H1) stated that product strategy has a significant positive effect on sales performance was supported.
- The mean comparison of the marketing mix (4Ps) strategy practice, the price strategy practice of the Company that the respondents noted with the mean value of 3.34. This explanatory variable is positive and correlated with sales performance with ( $R = 0.099$ ), ( $P < 0.01$ ). This relationship is statistically insignificant with Beta coefficient ( $B=0.048$ ), ( $P > 0.05$ ). Accordingly, the hypothesis (H2) test stated that price strategy has a significant positive effect on sales performance was not supported.

- ⇒ Based on the mean comparison of the marketing mix (4Ps) strategy practice, the promotion strategy practice of the Company that the respondents noted with the mean value of 3.84. This explanatory variable is positive and significantly correlated with sales performance with ( $R = 0.877$ ), ( $P < 0.01$ ) and these two variables have very strong relationship. Promotion strategy is a direct (positive) effect on sales performance where 0.264 increases in sales performance is caused by a consequent a unit increases of promotion strategy. This relationship is statistically significant with Beta coefficient ( $B=0.264$ ), ( $P<0.05$ ), this indicates that NALF uses promotion strategy increasing sales performance .Accordingly, the hypothesis (H3) stated that promotion strategy has a significant positive effect on sales performance was supported.
- ⇒ As the result of the mean comparison of the marketing mix (4Ps) strategy practice, the place strategy practice of the Company that the respondents rated with the mean value of 3.57. This explanatory variable is positive and significantly correlated with sales performance with ( $R = 0.860$ ), ( $P < 0.01$ ) and these two variables have very strong relationship. Place strategy is a direct (positive) effect on sales performance where 0.308 increase in sales performance is caused by a consequent a unit increases of place strategy. This relationship is statistically significant with Beta coefficient ( $B=0.308$ ), ( $P<0.05$ ), this indicates that NALF uses place strategy increasing sales performance. Accordingly, the hypothesis (H4) stated that place strategy has a significant positive effect on sales performance was supported.
- ⇒ To conclude, the mean comparison of the marketing mix (4Ps) strategy practice, the product, price, promotion and place strategy practice of the Company that the respondents noted with the mean value of 3.94, 3.34, 3.84 and 3.57 respectively. Based on the correlation result indicates that product, promotion, and place strategy have positive correlation and very strong relationship with sales performance, but, price strategy has positive correlation and very weak relation is observed with sales performance. Besides, the model summary result revealed that the multiple correlation coefficients  $R$  is a very strong correlation of .905 between sales performance and marketing mix (4Ps) strategy, and,  $R$  square value .818 indicated that 81.8% of the total variation on sales performance is explained by marketing mix strategy practice of the company. Furthermore, the hypothesis product, promotion and place strategy have

significant positive effect on sales performances were supported, and these predicting variables have significant effect to predict sales performance.

## 5.2. Conclusion

The major objective of the research was to examine the effect of product, price, promotion, and place strategy that influence the sales performance of NALF in Addis Ababa. The research adopted descriptive and explanatory research design and used quantitative approach. Hence, the primary data was collected through questionnaires. Besides, secondary data was gathered from relevant documents. The data received from the respondents were edited, coded, and analyzed using IBM SPSS statistics 23 Computer Software. Quantitative data output were presented in the form of descriptive statistics using mean, and standard deviation, frequency and frequency distribution, valid and cumulative percentage for each of the variables used in the study. Inferential statistics using Correlation and multiple linear regression analysis techniques were also be used measure the relationship and predicting between the independent and dependent variables of the study. Hence, based on the findings of this study, the following conclusions are drawn and presented below.

- ⇒ This study was concluded that the mean comparison of the marketing mix (4Ps) strategy practice, the product, price, promotion and place strategy practice of the Company that the respondents noted with the mean value of 3.94, 3.34, 3.84 and 3.57 respectively. Based on the correlation result indicates that product, promotion, and place strategy have positive correlation and very strong relationship with sales performance, but, price strategy has positive correlation and very weak relationship is observed with sales performance.
- ⇒ Besides, the model summary result revealed that the multiple correlation coefficients R is a very strong correlation of .905 between sales performance and marketing mix (4Ps) strategy, and, R square value .818 indicated that 81.8% of the total variation on sales performance is explained by marketing mix strategy practice of the Company. This means that 18.2% of the sales performance is explained by other factors other than the marketing mix factors studied in this research.

- ⇒ Furthermore, on this study the hypothesis product, promotion and place strategy have significant positive effect on sales performance of NALF was supported, and these predicting variables have significant effect to predict sales performance. Overall, product strategy had the highest effect on sales performance of NALF followed by place strategy and promotion strategy. Thus, the higher the product strategy implemented, the higher the sales performance levels are likely to be.
- ⇒ Even though many literatures have supported price strategy is important factor for predicting of sales performance, however, this study revealed that price strategy is not statistically significant predictor of sales performance, because its beta coefficient 0.048 at significant level of ( $P > 0.05$ ).

### **5.3. Recommendation**

Based on the findings and the conclusions of the study, the following recommendations are forwarded in each of marketing mix strategy to improve sales performance of NALF in A.A.

#### **Product Strategy**

- ⇒ The majority of the respondents noted that NALF the extent of the usage of packaging effectively was disagreement level. Therefore, the company should improve its packaging (specially the bottles' lid) based on the customer needs and preferences, invest in quality design element, create versatile packaging design, choose appropriate materials, and make the packaging easy to open.

#### **Price Strategy**

- ⇒ The NALF should adopt and implement credit sales that will give the company a competitive edge over its rivals with : increase in sales; better customer loyalty; taking a credit risk with customers; increase in profits(higher prices are charged on credit sales, therefore it helps to increase the sellers' profit).
- ⇒ NALF should implement penetration price to increases sales performance. Therefore, penetration pricing assist NALF to attract customers to a new product or service by offering a low price during its initial offering. The low price helps a new product or service penetrate the market and attract customers away from competitors and this helps NALF to boosts its sales performance.



- ⇒ The company should set price based on customer perceived benefits, quality and customer's purchasing power.

### **Promotion Strategy**

- ⇒ NALF should adopt the experience of advertising from foreign distillers and breweries making business in Ethiopia in order to follow the world class liquor advertising style and compete successfully by the brand. In addition NALF should apply some sort of creativity and uniqueness on advertising platforms in order to be the brand more recall and recognize by the customers. As there are many examples of advertising, including some of the following: brochures, Prestigious offices or headquarters, famous persons, point of purchase displays, business cards etc. the management of the NALF should give attention to the above issues so as to increase the sales performance of the company.
- ⇒ The researcher recommends NALF should give attention to different public relation activities like charitable donation, community relations, seminars, annual reports, speeches ,sponsoring prestigious ceremony etc all this raised issues have the contribution to sales performance of the company.
- ⇒ Further NALF to increase sales performance, it is recommended that the company should execute sales promotion: giving discounts on the product, offering 10 + 1 free schemes, coupons, financing, sampling, Bundling, refunds and rebates.

### **Place Strategy**

- ⇒ NALF should adopt flexibility methods of delivering products so as to boosts sales performance with simplify company's internal process; speed up communication with company's warehouse; appropriate storage and effective transportation system; product availability on the distribution system,; speedy defect freeness of the distribution system; nearness of the distribution and selling center to the customers and the overall distribution quality should be modified.
- ⇒ Generally, NALF's sales and marketing managers should improve the overall product, promotion and distribution strategy so as to improve sales performance. Even though, the price strategy insignificant predictors of sales performance, the company management should pay attention the improvement and the implementation of price strategy also.

#### **5.4. Limitation and implication for further Research**

The finding of the study revealed that the extent of the marketing mix strategy practice accounted for 81.8% of the variation of sales performance. Therefore, other researchers can consider and conduct the study on the remaining 18.2% variations. Besides, to compare the power of independent variables on dependent variable, other researchers have to conduct more than one case company.

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# Appendix I: Questionnaire

JIMMA UNIVERSITY

COLLEGE OF BUSINESS AND ECONOMICS

DEPARTMENT OF MANAGEMENT

MBA PROGRAM

## Dear Respondents

I would like to extend my deep gratitude in advance for volunteering to devote your valuable time to fill this questionnaire. The purpose of this questionnaire is to gather data from agents and potential retailers of National Alcohol and Liquor Factory which are operating in Addis Ababa. The main objective of the study is to examine the effect of product, price, promotion, and place that influence the sales performance of NALF in Addis Ababa, for the partial fulfillment of MBA. In this regard I kindly request your assistance in responding to the question listed below. Any information you present will be kept utterly confidential and will be used only for academic purpose. Your corporation and prompt response will be highly appreciated. The questions require filling in the short answers or ticking (  $\sqrt{\quad}$  ) the most appropriate option.

**Thank you in advance!!**

Contact address: Belay Asfaw, Email: [belay\\_azi@yahoo.com](mailto:belay_azi@yahoo.com) Tele: 0911- 444993

## Part One: Demographic Information

### 1. Gender of respondents

Male  Female

### 2. Age of respondents

Under25  26 – 35  36- 45  46- 55   
Above 55

### 3. Educational Level

Diploma  Degree  Master

If any other please specify \_\_\_\_\_

### 4. Job Category

B



Sales Operator

Supervisor

Manager

If any other please specify \_\_\_\_\_

5. How long have you been working in this company?

Less than 1 year  1-5 years  6-10 years

11-15 Years  Above 15 years

### Part Two: Extent of Marketing Mix (4Ps) Strategy Usage

For the section that follows indicate your level of agreement or disagreement by ticking (√) on the column using the following rating scale: 5 = Strongly agree 4 = Agree 3 = Moderate extent 2 = Disagree 1 = Strongly disagree

Extent of Marketing mix (4Ps) strategy usage		Scale				
Extent of Marketing Mix (4Ps) strategy usage		Strongly Disagree	Disagree	Moderate Extent	Agree	Strongly Agree
<b>Product strategy usage</b>						
6	I think NALF's packaging of the products is easy to use					
7	I think that the taste of NALF liquor is better than other liquor brands					
8	I think that NALF liquor is adding unique features in the existing product					
9	I think that NALF liquor respond to changes in customer perceptions and needs					
10	In my opinion NALF offers high quality products					
11	NALF has positive brand image					
12	NALF's product development strategy retain market share					
13	I believe NALF product mix is consistent					
<b>Price strategy usage</b>						
14	I belief NALF price decisions allows credit sales					
15	I think NALF' price strategy is reasonable					
16	NALF penetration price is increases sales volume					

17	NALF makes price change quickly to market changes					
18	The price strategy suitable for large customer base					
19	I belief NALF price decisions allows credit sales					
20	<b>Promotion strategy usage</b>					
21	The advertising campaigns of NALF seem effective compared to competitors					
22	NALF uses publicity to promote its products					
23	I think NALF sales person create interest to increase sales performance					
24	The practices of NALF sales promotions is effective					
25	NALF promoting with car branding increasing sales performance					
	<b>Place (distribution) strategy usage</b>					
26	NALF uses flexibility methods of delivering products					
27	NALF provides sales support to strengthen the channel partner relationship with clients					
28	The crates NALF are suitable for transporting bottles					
29	The store design NALF is appropriate					
30	I feel the customer service quality of NALF is effective					

# Appendix I I: Regression Model Basic Assumption Test

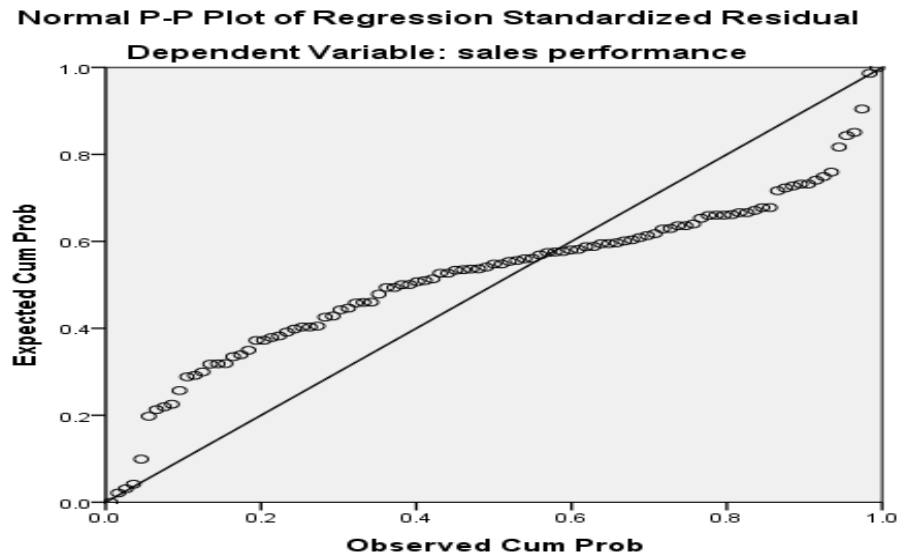
## 1. Normality Distribution Test

Descriptive Statistics					
	N	Skewness		Kurtosis	
	Statistic	Statistic	Std. Error	Statistic	Std. Error
product strategy	101	.049	.240	.132	.476
price strategy	101	-.366	.240	-.904	.476
promotion strategy	101	.087	.240	.213	.476
place strategy	101	-.295	.240	.015	.476
sales performance	101	.071	.240	.474	.476

Source: SPSS output of the survey, 2020

## 2. Linearity of Distribution Test

### Normality probability plot



Source: SPSS output of the survey, 2020

### 3. Multicollinearity Test

Model	Collinearity Statistics	
	Tolerance	VIF
(Constant)		
product strategy	.132	7.549
price strategy	.833	1.200
promotion strategy	.116	8.652
place strategy	.144	6.925

a, Dependent Variable: Sales Performance

Source: SPSS Output of survey, 2020