

Impact of Marketing Strategies on Business Performance of Unorganized Grocery Stores with Special Reference to Siltie Region, Ethiopia

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Abstract

Marketing strategy serves as a major tool for influencing business performance by its effective combination of marketing mix. The main objective of the study is to find out the impact of marketing strategies on business performance of grocery retailers. The study was analytical in nature which analysis the effect of marketing strategies on business performance of grocery stores at Siltie region of Ethiopia. The study framed scheduled structured questionnaire including both open and closed ended questions. The study collected both primary and secondary data. Primary data was collected from grocery retailers of Siltie region. The secondary data was collected from books, journals, thesis, articles, newspapers, websites etc. The unorganized grocery retailers of Siltie region in Ethiopia is considered as population for the study. The sample size of the study was 50 unorganized grocery retailers. The study has chosen convenient sampling technique to collect data from the respondents. Analysis namely descriptive statistics, chi-square test and multiple regression analysis is used to measure the effect of marketing strategies on business performance. The study found that there is a significant impact of marketing strategies on business performance of grocery stores at Siltie region of Ethiopia. Suggestions and conclusions were made.

I. Introduction

Grocery stores are those which are involved in retailing of a general variety of fresh or processed food items. It is classified into different outlets namely traditional stores, local store, small stores, general stores and large stores (Hortman et al., 1990). Large supermarket chains have largely replaced traditional corner grocery stores, and now the supremacy of the chains is challenged by Wal-Mart's impressive success as a grocery retailer (Hausman and Leibtag 2004). Large stores like super market and hyper market selling food items including fruits and vegetables, clothing, household items, kitchenware, electronic appliances, pharmacies, child care, cosmetics, etc. It therefore brings under one roof a wide variety of items, including a complete grocery line and general merchandise. They adopt unique marketing mix strategies in order to serve their customers by taking into consideration of their socio, economic and cultural background. In Siltie region of Ethiopia, major grocery stores are in the form of small and traditional stores selling unbranded groceries at a large level. Their importance towards marketing strategies is questionable. Thus, the study has been undertaken to identify the marketing strategies adopted by grocery retailers and its impact on business performance with special reference to Siltie Region, Ethiopia.

II. Problem Definition

On the basis of their strong combination of availability, proximity and operation, the evolution of grocery stores in recent years has been very dynamic. It is a market which is highly competitive in satisfying the need of all range of people (Mártinez, 1997). Supermarkets and hypermarkets offer wide variety of products at one place according to the need and expectations of customers, leading to the eventual disappearance of conventional markets. In order to enhance their business performance, they have to adopt unique marketing strategies. In the formulation of marketing strategies, understanding the consumer behaviour and providing specific and accurate details about them is an important ingredient (Ma.cristina, 2012). But, with the aid of information technology, it becomes easier task for the grocery retailer to collect and manage consumer data, their desires and expectations. Since they are meeting the day-to-day provisions of common people, it is highly challenging for them to implement marketing strategies to satisfy all levels of customers and to retain loyal customers particularly Siltie

Region of Ethiopia. This is because, people living in such region are not financially sound and they give importance to price and discount than quality of goods. They prefer to have low priced unbranded products than high priced branded one. Moreover, as per the economic condition, the grocery stores in such region sell unbranded goods. They adopt simple promotional tools like discount, extra percentage of goods and some other offers for branded products. Hence, this study has been chosen to measure the business performance of grocery retailers, their marketing strategies, advertising and product differentiation at Siltie Region, Ethiopia.

III. Literature Review

Sadrul Huda, S. S. M., et al. (2011) examined the differences in the grocery shop owners' marketing strategy due to the differences in locations or residential areas of Dhaka City. The study revealed that locations i.e. Gulshan, Bonani, Baridhara and Dhanmondi Mohammadpur were considered as higher income group people's living area. On the other hand Malibagh/Mogbazar and Old Dhaka were considered for middle and lower-middle income group people. The study found that keeping branded products, credit sells, promotion, building customer relations, etc. do not vary due to the differences in location. It is also found that the way of expressing the quality to customers, measurement of quality, price fixation, etc. differ due to the variations in locations.

Obonyo, G. O. (2012) evaluated the marketing strategies adopted by supermarkets for competitive edge at Kisii town super markets. The study found that providing specialized services, Offering better quality products and Improved customer service were most successful strategies for super markets to have a competitive advantage. It is also revealed from the study that the companies consider many factors in developing their promotional programs, where the most important are the type of product, the target market, the buyer's decision process, the product life cycle stage and the distribution channels.

Chiliya, N., et al. (2009) assessed the impact of marketing strategies on profitability of small grocery shops in South African townships. The findings of the study revealed that the retailers in Mdantsane need to adopt the other 3 Ps of the marketing strategy, namely product, place and packaging in order to be more profitable. The study concluded that grocery shops in Mdanstane do not display behaviour that could reflect on a high degree of marketing orientation. The fact that they offer discounts to loyal customers was a desperate aim of getting turnover rather than a long term orientation focus on the needs and wants of customers. Furthermore, grocery also does not apply the principles of marketing strategy to enhance profitability to a significant degree.

Murthy, S.V.V.S.N., et al. (2013) made a conceptual study on marketing strategies of retailers. The main objective of this study is to understand the wide range of marketing elements which play important role to get competitive advantage in retail sector and identify the importance of four marketing strategies namely product, price, place, promotion. The findings of the study concluded that that four marketing elements namely product, price, place, promotion greatly influence modern marketing and customer satisfaction.

Research Gap

Based on the reviews, it is found that there are no recent studies related to impact of marketing strategies on business performance with special reference to grocery stores. It is also identified that no researchers have undertaken the study related to marketing strategies and business performance in Siltie region at Ethiopia.

IV. Objectives of the study

- 1) To study the socio-economic status of the grocery retailers with special reference to Siltie region at Ethiopia.
- 2) To measure the marketing strategies and business performance of grocery retailers.
- 3) To identify the impact of marketing strategies on business performance of grocery retailers.
- 4) To suggest possible measures to enhance the business performance of grocery retailers at Siltie region at Ethiopia.

V. Significance of the Study

This study aids in understanding the performance and management of grocery retailers at Siltie region of Ethiopia. It identifies the marketing strategies adopted by them and steps taken to attract large number to customers. This study portrays the problems and struggles faced by grocery retailers which have been collected through scheduled interview. This may assist them to get rid of it by exposing their challenges to the society.

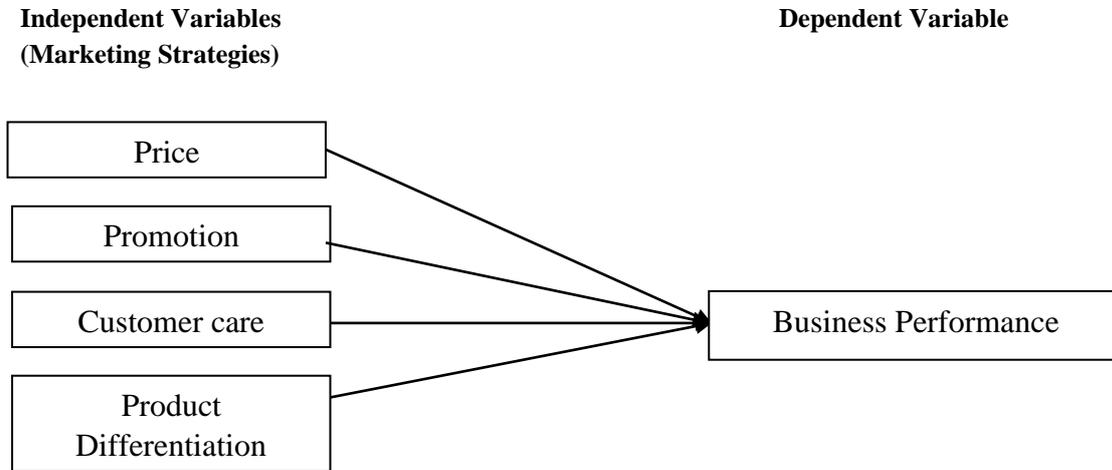
VI. Scope of the study

The study is confined to impact of marketing strategies on business performance of grocery retailers with special reference to Siltie region at Ethiopia. Though the study area is a Siltie region, the study has chosen four

factors to identify the marketing strategies of grocery retailers namely price, promotion, customer care and product differentiation. It also studies the socio-economic status of grocery retailers at Siltie region of Ethiopia.

VII. Conceptual Framework

Based on the preliminary data collection and theoretical framework, the following independent and dependent variables are identified:-



VIII. Research methodology

Study area: This study was conducted in Silte Zone. Silte zone is one of the 15 zones in SNNP region of Ethiopia. The zone covers an area of 3000 sq.kms and accounts for 2.63% of the total area of the region. Beginning from 2010 E.C., the zone is subdivided into 10 wards namely East Silti, West Silte, Mito, Hulbareg, Dalocha, Sankura, West Azernet Berber, East Azernet Berber, Alichu Woriro and Lanfuro, and 3 town administration Werabe, Silte and Tora.

Research design: The study is analytical in nature which analysis the effect of marketing strategies on business performance of grocery stores at Siltie region of Ethiopia.

Instrumental design: The study framed scheduled structured questionnaire including both open and closed ended questions. It is framed by adopting nominal, ordinal, ratio and rating scales.

Data collection method: The study collects both primary and secondary data. Primary data has been collected from grocery retailers of Siltie region. The secondary data has been collected from books, journals, thesis, articles, newspapers, websites etc.

Population and sample size: The unorganized grocery retailers of Siltie region in Ethiopia is considered as population for the study. The sample size of the study is 50 unorganized grocery retailers.

Sampling technique: Due to large number of unorganized grocery retailers, the population of the study is unknown. Thus, the study has chosen convenient sampling technique to collect data from the respondents.

Data analysis: Analysis namely descriptive statistics, chi-square test and multiple regression analysis is used to measure the effect of marketing strategies on business performance of grocery stores at Siltie region of Ethiopia.

IX. Hypothesis setting

H₁₁: There is a significant association between socio-economic status and business performance of respondents.

H₁₂: There is a significant impact of marketing strategies on business performance.

X. Data Analysis and Interpretation

The study applied statistical tools namely chi-square test and multiple regression analysis to examine the impact of marketing strategies on business performance; and the association between socio-economic status and business performance of grocery retailers at Siltie region of Ethiopia.

a. Reliability

Cronbach's Alpha Reliability is applied to examine the internal consistency of variables in the construct. It states that reliability less than 0.60 are considered to be poor, while those in the 0.70 range are acceptable and those over 0.80 are considered good (George & Mallery, 2003; Kline, 2000).

Table 10.1: Reliability Test

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Sl. No.	Scale	No. of Items	Cronbach's Alpha (α)
1.	Marketing Strategies		
a.	Price	6	0.914
b.	Promotion	6	0.929
c.	Customer care	6	0.913
d.	Product differentiation	6	0.946
2.	Business Performance	10	0.951

[Source: Primary data]

From the above table, it is learnt that Cronbach's Alpha reliability for all the factors was above 80% which means that the variables produce consistent results if measurements are made repeatedly.

b. Descriptive Statistics

In order to measure the effectiveness of marketing strategy and business performance, descriptive statistics is applied.

Table 10.2: Descriptive Statistics

Sl. No.	Scale	Mean	Standard Deviation
1.	Marketing Strategies		
a.	Price	4.59	0.920
b.	Promotion	3.43	1.126
c.	Customer care	2.53	1.214
d.	Product differentiation	3.12	1.119
2.	Business Performance	3.21	1.118

[Source: Primary data]

It is inferred from the above table that the mean value of price (4.59) is above 4.00, which means the customers are very particular and conscious about the price of the product irrespective of all other marketing strategies. It is also identified that the mean value of promotion (3.43) and product differentiation (3.12) are below 3.50, which means the promotion tools and product differentiation have average effect on sales of products at grocery stores. In addition, the mean value of customer care (2.53) is below 3.00, which mean the customer care has very little effect on sales. The mean value of business performance (3.21) is below 3.50, which mean the grocery stores in Siltie region at Ethiopia is said to be moderate performance.

c. Chi-square test

In order to identify the significant association between socio-economic status and business performance of respondents, chi-square test is applied.

H₀₁: There is no significant association between socio-economic status and business performance of respondents.

H₁₁: There is a significant association between socio-economic status and business performance of respondents.

Table 10.3: Socio-Economic Status and Business Performance

Socio-Economic Factors	Chi-Square Value	P value	Conclusion
Gender	5.236	0.001**	Accepted at 1% level
Age	12.350	0.007**	Accepted at 1% level
Educational Qualification	12.428	0.008**	Accepted at 1% level
Annual Income	11.577	0.005**	Accepted at 1% level
Area of Residence	8.341	0.003**	Accepted at 1% level

[Source: Primary data] Note: ** Denotes significant at 1% level

Since the P value is less than 0.01, the alternate hypothesis is accepted at 1 per cent level of significance. Hence, it is concluded that there is an association between socio-economic status and business performance of grocery retailers at Siltie region of Ethiopia.

d. Regression Analysis

In order to find out the impact of marketing strategies on business performance, regression analysis is applied.

H₀₂: There is a significant impact of marketing strategies on business performance.

H₁₂: There is no significant impact of marketing strategies on business performance

Table 10.4: Predictor Variables of Multiple Regression Analysis

Multiple R value	R Square value	Adjusted R ² value	F value	Standard Error	P value
0.932	0.868	0.864	211.694	1.821	0.001**

[Source: Primary data]

Note: ** Significant at 1% level.

Table 10.5: Co-efficient between Marketing Strategies on Business Performance

Variables	USC	SE	SC	t value	P value
(Constant)	0.042	0.487		0.086	0.031*
Price	0.702	0.067	0.639	10.462	0.001**
Promotion	0.466	0.060	0.344	7.725	0.003**
Customer care	0.138	0.042	0.134	3.264	0.006**
Product differentiation	0.177	0.056	0.161	3.164	0.007**

[Source: Primary data]

Note: ** Denotes significant at 1% level.

Dependent variable (Y) = Business Performance

Independent/predictor variable = Price (X₁) + Promotion (X₂) + Customer Care (X₃) + Product Differentiation (X₄) + e

From the above table, the R² value is 0.864 which indicates how much of the total variation in the business performance can be explained by marketing strategies. In this case, 86.4% of the observed variability in business performance can be significantly explained by their effectiveness in marketing strategies. The remaining 13.6% is not explained which means that the rest 13.6% of the variation in business performance is related to other variables which are not depicted in this model. The linear combination of marketing strategies is significantly related to business performance (F = 211.694 and P = 0.001**) and it is significant at 1 per cent level.

The Ordinary Least Squares (OLS) equation for predicting business performance is $(Y) = 0.702X_1 + 0.466X_2 + 0.138X_3 + 0.177X_4 + e$

The co-efficient of X₁ is 0.702 which represents the direct relationship between pricing strategy and business performance. The estimated positive sign indicates that for each additional unit of pricing strategy, there is a 0.702 unit increase in the business performance and it is significant at 1% level.

The co-efficient of X₂ is 0.466 which represents the direct relationship between promotion strategy and business performance. The estimated positive sign indicates that for each additional unit of promotion strategy, there is a 0.466 unit increase in the business performance and it is significant at 1% level.

The co-efficient of X₃ is 0.138 which represents the direct relationship between customer care strategy and business performance. The estimated positive sign indicates that for each additional unit of customer care strategy, there is a 0.138 unit increase in the business performance and it is significant at 1% level.

The co-efficient of X₄ is 0.177 which represents the direct relationship between product differentiation strategy and business performance. The estimated positive sign indicates that for each additional unit of product differentiation strategy, there is a 0.177 unit increase in the business performance and it is significant at 1% level.

XI. Findings

Based on the descriptive statistics, it is found that price is considered as a major factor among all marketing strategies to enhance sales and to get more profit. From the chi-square test, it is evident that there is an association between socio-economic status and business performance of grocery retailers at Siltie region of Ethiopia. It is also proven from the regression analysis that there is a significant impact of marketing strategies on business performance.

XII. Suggestions

A well-defined marketing strategy leads to a rise in the revenue and marketing of businesses. This has a direct influence on sales, business performance and revenue. It also ensures the growth of sustainable development and gets competitive advantage in the market. From the study, it is found that among other marketing strategy factors price is considered as a major one which influences business performance. This may due to the financial instability of the people living in Siltie region of Ethiopia. Thus, it is suggested for the grocery retailers to adopt

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effective pricing strategy to namely odd lot pricing, penetration pricing, psychological pricing, economical pricing to improve their sales. It is also identified from the chi-square test that there is a significant association between socio-economic status and business performance which mean that if the economic status of grocery retailers is increased, there is an increase in their business performance. Hence, it is recommended for the government to provide financial support to grocery retailers residing in Siltie region under various schemes with minimum interest rates or no interest in order to enhance their livelihood and business.

XIII. Conclusion

In this pandemic state of Covid 19, people realized the importance of food than anything for their livelihood. They comprehend that food is not taken for granted and learned to consume properly without wasting it. It is obligatory to mention the role played by grocery stores in supplying necessities for the livelihood of people at their door step. In siltie region of Ethiopia, the grocery retailers served their best in supplying necessities for the people without considering their life and family. The major problem faced by them is financial instability. Hence, it is suggested for the Ethiopian government to assist the unorganized grocery retailers by providing financial support, concession for utilities, well-developed market place to sell their products and provision of free warehouse facility to secure their goods.

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