

**WOLKITE UNIVERSITY
SCHOOL OF GRADUATE STUDIES**

**THE ROLE OF MARKETING STRATEGIES ON SALES
PERFORMANCE IN COMMERCIAL BANK OF ETHIOPIA**

BY

BAYISA MEGARSA DEGAGA

**ATHESIS SUBMITTED TO THE DEPARTMENT OF MANAGEMENT,
COLLEGE OF BUSINESS AND ECONOMICS, SCHOOL OF
GRADUATE STUDIES OF THE WOLKITE UNIVERSITY IN PARTIAL
FULFILLMENT OF THE REQUIREMENTS FOR THE DEGREE OF
MASTER OF BUSINESS ADMINISTRATION**

JUNE, 2019

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Declaration

I, BAYISA MEGARSA DEGAGA, declare that this thesis entitled: “THE ROLE OF MARKETING STRATEGIES ON SALES PERFORMANCE IN COMMERCIAL BANK OF ETHIOPIA” is outcome of my own effort and study and that all sources of materials used for the study have been duly acknowledged.

To the best of my knowledge, this study has not been submitted for any degree in this University or any other University. It is offered for the partial fulfillment of the degree of Masters of Business Administration.

By: BAYISA MEGARSA DEGAGA

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This is to certify that the thesis entitled “**THE ROLE OF MARKETING STRATEGIES ON SALES PERFORMANCE IN COMMERCIAL BANK OF ETHIOPIA**” submitted in partial fulfillment of the requirements for the degree of **Master's** with specialization in **Master of Business Administration**, the Graduate Program of the **Department Management**, and has been carried out by BAYISA MEGARSA DEGAGA Id. No 108/09, under our supervision. To the best of our knowledge, is an original work and not submitted earlier for any degree either at this University or any other University.

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We, the undersigned, members of the Board of Examiners of the final open defense by BAYISA MEGARSA DEGAGA have read and evaluated his thesis entitled “**THE ROLE OF MARKETING STRATEGIES ON SALES PERFORMANCE IN COMMERCIAL BANK OF ETHIOPIA** ”, and examined the candidate. This is, therefore, to certify that the thesis has been accepted in partial fulfillment of the requirements for the degree Master of Business Administration.

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List of Abbreviations and Acronyms

ATM – Automated Teller Machine

CATS – Customer Accounts and Transaction Service

HO – Head Office

CBE – Commercial Bank of Ethiopia

NAAD – North Addis Ababa District

NBE – National Bank of Ethiopia

WAAD – West Addis Ababa District

SAAD – South Addis Ababa District

EAAD – East Addis Ababa District

HRM – Human Resource Management

SPSS- Statistical Package for Social Science

SWIFT – Society for Worldwide Interbank Financial Telecommunication

PROMO –Promotion

PROCE-Process

PHE-Physical Evidence

PROD-Product

Abstract

The purpose of the study was to determine the role of marketing strategies on sales performance in commercial bank of Ethiopia. This researcher employed both quantitative and qualitative (Mixed) research approach. The researcher was used primary source from employees of commercial bank of Ethiopia and secondary data from internet, published and unpublished documents. The researcher was utilizing both probability and non-probability sampling method. Non-probability or judgmental sampling technique used to select four districts among fifteen districts of commercial bank of Ethiopia and Proportional Stratified Probability sampling techniques used to select appropriate sample size from each stratum (districts) finally the researcher was used simple random sampling to select each respondent using lottery method. The total theoretical populations are 34,879 whereas; the accessible populations are 301 and sample size from these accessible populations is 172. In addition to this the analysis was done by the help of SPSS version 20 and presented using descriptive statistics. Tables and pie charts were used to provide information on the variables. Interpretation is made on the mean, frequency, and percentage of the data. The results are investigated in terms of descriptive statistics followed by inferential statistics on the variables. The result of regression analysis revealed that 65% of sales performance of the bank could be explained by seven service marketing strategy considered in this study. The prediction ability of independent variables is considerable enough to improve sales performance of the bank. From this result, the researcher concluded that using all seven service marketing mix strategy interactively facilitate higher sales performance of the bank. This research approved that service marketing mix strategy directly affect the sales performance of the bank. Bankers should understand the benefit of each service marketing mix strategy and choose the best marketing mix strategy which enhances higher sales performance of the bank.

Key words: *product, price, place, promotion, process, people, physical evidence and sales performance.*

CHAPTER ONE

1. INTRODUCTION

1.1 Background Of The Study

Marketing is the direct way in which an organization tries to reach its public. This is performed through the seven elements of the marketing mix. With the growing importance of the financial sector, pressures are escalating for more effective marketing management of the financial services. Effective marketing strategies are the key to frontline sales performance. Financial institutions typically use a variety of sales tools and processes to achieve their sales goals. Among the best practices of those with highly successful sales programs is having the marketing strategies provided to management and front line staff at all branches that describes tools and processes in detail, helping to ensure that everyone involved in sales, no matter how remotely, operates on a coordinated basis (Hopp and Spearman ,2013).

Marketing strategies and sales performance has been grounded on marketing mix theory and theory of push and pull. Marketing mix theory is still used today to make important decisions that lead to the execution of a marketing plan. The idea of a marketing mix theory is to organize all aspects of the marketing plan around the habits, desires and psychology of the target market (McCarthy, 2004). The theory of push and pull is applied in today's market; pushing solutions are sometimes seen by the customer as intrusive or overlooked by the customer as the solution gets lost due to information over load pulling solutions has always been a part of most organizations. A customer would visit the organization and ask questions and someone would answer them. Financial institutions that emphasize the push theories often do so to increase efficiency. They believe that if, for instance, they create the penultimate user manual that will cover all the questions the customer might have; they will limit the amount of contact the customer needs to make to the financial institutions (Richard, 2009).

Due to competition, banks in Ethiopia have tried to come up with new strategies so as to improve their performances. The Ethiopia Banking sector has demonstrated a solid growth over the past few years. The industry continues to offer significant profit opportunities for

the major participants. Ethiopia has attracted worldwide acclaim by expanding financial services to millions of poor households especially via mobile phones. This has compelled banks to adopt new marketing strategies so as to diversify the bank products and services. As a way of expanding the market share and need to reach the unbanked in the local set up, banks in Ethiopia have adopted agency banking as one of the diversification strategies (Eleni Eshetu, 2014).

At present time commercial bank of Ethiopia has widely expended, more than 1,280 branches stretched across the country and also expended in African country like especially in southern Sudan there are four branches opened and service the societies since June 2009. Commercial bank of Ethiopia also strong correspondent relationship with more than 50 renowned foreign banks like, Royal Bank of Canada, City Bank and has swift bilateral arrangement with more than 700 other banks across the world. Marketing strategy is a significant role to perform the activities of banking industry and hence the researcher conducts the research to see the role of marketing strategy on sales performance in commercial bank of Ethiopia.

1.2 Statement Of The Problem

The current globalized market has made companies to see the internationalization of their activities as a way to remain competitive. Marketing strategy has become important tool globally for any organization to remain in competitive market environment and was stronger. Aremu and Lawal (2012), sees strategy as a pattern of resource allocation decisions made throughout an organization. This encapsulates both desired goals and beliefs about what are acceptable and most critically unacceptable means for achieving them. Marketing strategy implies that the analysis of the market and its environment, customer buying behaviour, competitive activities and the need and capabilities of marketing intermediaries. Studies have been carried out on the significance of marketing in management, strategies to improve sales in organizations but there is no specific study done the effects of marketing strategies on sales performance among commercial banks in Ethiopia. This is the main reason behind the researcher's decision to study this area. The researcher will motivate by the fact that in Ethiopia, a wide market in the commercial banking industry has not been secured. The big fraction of persons, organizations remain unreached by the commercial banks in Ethiopia. Despite the increase in the number of commercial banks in Ethiopia, 85% of the Ethiopia population is still un-banked. Only 15%

of the population operates bank accounts in the various banks (Eleni Eshetu, 2014). Players in this sector have experienced increased competition over the last few years resulting from increased innovations among the players and new entrants into the market (Kathuni and Mugenda, 2012).

The banking industry in Ethiopia faces the challenges of fluctuating demand and stiff competition (CBE, 2016). The competitive environment in the banking industry is widely recognized as being complex, dynamic, and highly segmented which makes customers acquisition an uphill task. Increasingly banking companies are competing directly with one another in the same locations (Walsh and Lipinski, 2009). The banking industry is characterized by price competition, customer sophistication, perceived product equality and also changing market growth rates and shifting market shares are key determinants of the competitive environment in in banking industry (Oyewale, 2013).

Odunlami (2011) did a study on effects of sales promotion as a tool on organizational performance, a case study of sunshine plastic company in Kenya. The study found that sales promotion has significant effect on organizational performance. Sales promotion is any initiative undertaken by an organization to promote an increase in sales, usage or trial of a product or service (i.e. initiative that are not covered by other elements of the marketing communications or promotional mix.

Kiprotich (2012) carried out a research on effects of marketing mix on sales performance of automotive fuels of selected services stations in Nakuru Town and found out that marketing mix enhances sales performance. Munyole (2015) carried out a research on marketing strategies adopted by veterinary pharmaceutical firms in Kenya to enhance performance and he found out that marketing strategies improve performance. Muchiri (2016) conducted a study on the effectiveness of marketing mix strategies on performance of Kenol Kobil Limited.

The study recommends that Kenol Kobil should put more emphasis on the marketing mix strategies they use hence influencing sales performance.

Marketing strategy has been an important aspect in objectives achievement in most organizations. Organization's decision making process on selection and implementation of appropriate marketing strategy makes it possible for them to adhere to the objectives easily; however most of them do not meet their objectives while others venture into different strategies due to the competition in the market (Renart, 2007). Companies are therefore

evaluating their retail services with an aim of coming up with more focused strategies that help them meet their unit and companywide objectives. They are working towards developing coherent strategies on how to differentiate and add value to the customers. Therefore commercial bank of Ethiopia compete with various competitors private banks and to increase sales volume as well as good sales performance they would be follow good marketing strategy. Hence the researcher seeks to address the knowledge gap by focusing on the role of marketing strategies on sales performance at commercial bank of Ethiopia.

1.3 Research Questions

The study will be conducted with the aim of providing answers to the following basic research questions

1. How does pricing strategy affect sales performance of Commercial bank of Ethiopia?
2. To what extent promotion strategy affect sales performance of Commercial bank of Ethiopia?
3. How does placing strategy affect sales performance of Commercial bank of Ethiopia?
4. To what extent product strategy affect sales performance of Commercial bank of Ethiopia?
5. How process strategy affect sales performance of Commercial bank of Ethiopia?
6. Does people strategy play significant role in order to enhance sales performance?
7. What are major activities in physical evidence strategy given priority in improving sales performance of commercial bank of Ethiopia?

1.4 Objectives Of The Study

1.4.1 General objective of the study

The general objective of this study is to determine the role of marketing strategy on sales performance in commercial bank of Ethiopia.

1.4.2 Specific objective of the study

- To examine the relationship between pricing strategy and sales performance of Commercial bank of Ethiopia
- To determine the extent of promotion strategy on sales performance of Commercial bank of Ethiopia
- To describe major factors in place strategy that affect sales performance of Commercial bank of Ethiopia
- To determine the extent of product strategy affects sales performance of Commercial bank of Ethiopia
- To show how process strategy affect sales performance of Commercial bank of Ethiopia
- To examine how people strategy play significant role in order to enhance sales performance
- To describe the major activities in physical evidence strategy given priority in improving sales performance of commercial bank of Ethiopia

1.5 Significance Of The Study

The ultimate success or failure of a company depends on its ability to sell what it produces and continues offering quality services for relatively a longer period of time. This study is therefore intended to help the company management to direct their attention to this highly essential function of business.

The findings from this study are important because they have the capacity of being used to formulate positive fiscal policies which are relevant and sensitive to the forces influencing the banking sector performance and penetration in Ethiopia.

Findings of the study are useful to researchers and scholars as it contributes to the body of knowledge in the area of marketing. It also assists other researchers to further their studies on areas of interest not yet exploited. The study findings benefit firms in the banking industry in formulating marketing strategies that improve their effectiveness at national and international levels. The stakeholders and employees in commercial banks Ethiopia's banking sector would appreciate and prioritize appropriate marketing strategies as tools of marketing positioning in local and international markets.

It assists the management of commercial banks to evaluate how effective they have been in adopting appropriate distribution channel strategies of their services and products. This may enable them identify gaps in their strategies which may enhance their strategic response as a result move to effectively manage the existing strategies which will improve their financial performance. It is useful to the shareholders of the bank in evaluating the effectiveness of the banks distribution strategies as they cope with the increasingly competitive financial market locally. Other organizations can also use the distribution strategies employed by the bank to improve their performance. In addition, the study is in valuable source of material and information to the many other banks operating in the country since the banking industry has a great role to play in the country's quest to become a middle income country as envisioned in the Vision 2025. By identifying the appropriate distribution strategies, the industry will also be able to achieve their objective much faster and growth of the individual firms.

1.6 Scope Of The Study

Due to time limitation, manageability and accessibility difficulty and other constraints, the scope of the study was limited to employees of the Commercial bank of Ethiopia at head office and District level (North Addis Ababa District, South Addis Ababa District, East Addis Ababa District, and West Addis Ababa District). Finally the study was limited to the marketing strategy of the organizations side with concerning employees (marketing department staffs and managers) at head office and district level to conduct the research.

1.7 Organization Of The Study

This research paper was organized in five chapters. Chapter one provides the general introduction about the whole study. Chapter two describe the review of related literatures. Chapter three provide detail description of the methodology. Chapter four contains data presentation, analysis and interpretation. Finally, the last chapter is concludes the total work of the research and give relevant recommendations based on the findings.

CHAPTER TWO

RELATED LITERATURE REVIEW

2. Introduction

This chapter presents related literature on the effects of marketing strategies on sales performance as presented by various researchers, scholars, analysts and authors. The chapter also provides the theories underpinning the study.

2.1 Theoretical Foundation

This section examines the various theories that were used to inform the study on the effects of marketing strategies on sales performance. The study is guided by the following theories; marketing mix theory and theory of push and pull.

Banking sector reforms and consolidation all over the world are predicted upon the need for repositioning of the existing state of affairs in the sector in order to attain an effective and efficient status. This is more so in the developing nations like Ethiopia where the banking sector has not been able to effectively provide the needed funds and services for the development of the real sector as expected. Hence, banking reforms become inevitable in the light of the global dynamic exigencies and emerging landscape. Consequently, the banking sector, as an important sector in the financial landscape, needs to be reformed in order to enhance its competitiveness and capacity to play a fundamental role of financing investments (Berger, N 2000)

Bank consolidation is viewed as the reduction in the number of banks and other deposit-taking institutions with a simultaneous increase in size and concentration of the consolidated entities in the sector. It is mostly motivated by technological innovations, deregulation of financial services, enhancing intermediation and increased emphasis on shareholder value, privatization and international competition (Berger, N. A., 1998; De N. and Gianni , 2003; IMF, 2001).

The nexus between consolidation and financial sector stability and growth is explained by two polar views. Proponents of consolidation opine that increased size could potentially increase bank returns, through revenue and cost efficiency gains. It may also, reduce industry risks through the elimination of weak banks and create better diversification opportunities (Berger, 2000,). On the other hand, the opponents argue that consolidation could increase banks' propensity toward risk taking through increases in leverage and off balance sheet operations. In addition, scale economies are not unlimited as larger entities are usually more complex and costly to manage .Banking reforms involve several elements that are unique to each country based on historical, economic and institutional imperatives. For example, in the reforms in the banking sector proceeded against the backdrop of banking crisis due to highly undercapitalization of state owned banks; weakness in the regulatory and supervisory framework; weak management practices; and the tolerance of deficiencies in the corporate governance behaviour of Banks (Gyargy, S. , 2001).

In the Yugoslav economy, banking industry restructuring was motivated by the need to establish a healthy banking sector that will carry out its financial intermediation role at a minimal cost; effectively provide services consistent with world standards and which will involve foreign financial institutions; and banks privatization as the ultimate goal. The central focus was to shore up the capital base of banks consolidated through mergers and takeovers of local banks and selection of strategic investors for additional capitalization. Specifically, foreign banks permeated the industry exclusively by providing additional capitalization through investment in the existing infrastructure, particularly new banking products and operating technologies and buying shares of the existing banks (Gyargy Szapáry, 2001).

Also, the banking sector reforms and consolidation in Japan involved the reform of the regulatory and supervisory frame work, the safety net arrangements, as well as mechanisms to speed up attempts at resolution of banks' non-performing loans. From the above, it is obvious that the fundamental objective of banks consolidation is the repositioning of the banking industry to attain an effective and efficient status that will promote economic development. Consequently, consolidation has increased the level of competition in the industry and this in turn has increased the marketing activities in the Ethiopian banking industry as well as other nations of the world.

2.1.1 Marketing mix theory

According to Kotler and Keller (2006), the theory of Marketing Mix was coined by Borden. The theory is still used today to make important decisions that lead to the execution of a marketing plan. The idea of a marketing mix theory is to organize all aspects of the marketing plan around the habits, desires and psychology of the target market (McCarthy, 2004). This orientation considers marketing as it applies to the theory of the "4 Ps." The first P is product, and takes into account its design, features and competitors.

The second P, price, is a factor that can be adjusted to manage demand, to determine profit margin, and to drive market share. Promotion is the third P. It seeks to find which media to engage in order to make the right people aware of the product's benefits, and which slogans, tag lines and logos will resonate with the target market. Placement, the fourth P, determines where and how potential customers can access the product. Young people may want to browse, buy and pay online. Others may prefer the personal service of a trained salesperson.

Later Robert (2000), proposed a four Cs classification in which is a more consumer-oriented version of the four Ps that attempts to better fit the movement from mass marketing to niche marketing. The Cs represents; Consumer, cost, communication and convenience. Firstly, a company will only sell what the consumer specifically wants to buy. So, marketers should study consumer wants and needs in order to attract them one by one with something he/she wants to purchase. Secondly, Price is only a part of the total cost to satisfy want or a need. The total cost will consider for example the cost of time in acquiring a good or a service, a cost of conscience by consuming that or even a cost of guilt "for not treating the kids.

It reflects the total cost of ownership. Many factors affect cost, including but not limited to the customer's cost to change or implement the new product or service and the customer's cost for not selecting a competitor's product or service (Richard, 2009). Thirdly, while promotion is manipulative and from the seller, communication is cooperative and from the buyer with the aim to create a dialogue with the potential customers based on their needs and lifestyles; it represents a broader focus. Communications can include advertising, public relations, personal selling, viral advertising, and any form of communication between the organization and the consumer.

2.1.2 Theory Of Push And Pull Customer Service

According to Hopp and Spearman (2013), the theory of push and pull was developed in 1911 by Fredrick Winslow Taylor during his work on 'The Principles of Scientific Management'. In today's market pushing solutions are sometimes seen by the customer as intrusive or overlooked by the customer as the solution gets lost due to information overload. Pulling solutions has always been a part of most organizations.

A customer would visit the organization and ask questions and someone would answer them. In the case of "pull," the customer initiates the request for a solution rather than merely choosing a solution from the solutions offered by the organization (Richard, 2009).

2.1.3 The resource based view

This model recognizes the importance of a firm's internal organizational resources as determinants of the firm's strategy and performance (Grant,1991;Wernerfelt,1984,).The term internal organizational resources as all assets, capabilities, organizational processes, firm attributes, information, knowledge, that are controlled by a firm and that enable it to envision and implement strategies to improve its efficiency and effectiveness (Grant ,1991)

Although the RBV recognizes that a firm's physical resources are important determinants of performance, it places primary emphasis on the intangible skills and organizational resources of the firm (Collis, 1991).Some intangibles resources of the firm are the market-assets such as customer satisfaction and brand equity.

2.1.4 The dynamic capabilities model

The Dynamic Capabilities view strengthens the RBV, it emphasis on how combinations of resources and competences (Teceetal, 1997) can be developed, deployed and protected. The factors that determine the essence of a firm's dynamic capabilities are the organizational processes where capabilities are embedded, the positions the firms have gained (e.g. assets endowment) and the evolutionary paths adopted and inherited. Based on this perspective, the marketing factors that determine the competitive advantage are marketing efficiency resulting from the marketing organizational process and the endowments of market assets that has generated such as customer satisfaction and brand equity for example marketing positions. In the context of global competition, RBV and

Dynamic capabilities theory suggest that historical evolution of a firm (accumulation of different physical assets and acquisition of different intangible organizational assets through tacit learning) constrains its strategic choice and so will affect market outcomes (Collis, 1991).

According to Douglas and Craig (1989), the development of a Marketing Strategy is carried out during the stage of global rationalization. It means that the firm has had to take the step of initial foreign market entry and expansion of national markets during its process of internationalization. Consequently, in the two previous stages, the firm learned and accumulated not only different physical assets but also different intangible organizational assets; likewise, it faced and took risks in different and complex market contexts. This process of learning affected its performance. Competence based theory provides the foundation for firm competitiveness. It is one of the main studied theories pertaining to the influence of the strategies of a firm to improving its performance. This theory, hence has a major role to play on evaluating the competitiveness of a firm and its sales that fit on the perception of the customers to improve their general performance in the market (Lovelock, 2011).

2.1.5 Marketing impact model

The need for measuring marketing impact is intensified as firms feel increasing pressure to justify their marketing expenditures (Gruca and Rego 2005; Rust et al., 2004; Srivastavaetal.,2001). Accordingly, marketing practitioners and scholars are under increased pressure to be more accountable for showing how marketing activities link to shareholder value. It is important to know that marketing actions, such as packaging, brand name, density of the distribution channel, advertising, permanent exhibitions, sponsoring, press bulletins, among others(Van Water shoot and Vanden Bullet, 1992) can help build long-term assets or positions as brand equity and customer satisfaction (Srivastavaetal.,1998).These assets can be leveraged to deliver short-term profitability and shareholder value.

2.1.6 Marketing efficiency model/ data envelopment analysis (DEA)

The other way by which research in Marketing has faced Marketing performance is related to efficiency. Charnes, Cooper and Rhodes (1978) define the efficiency as the comparison among firms of the ratio of out comes over the inputs required to achieve them. On the other hand, Sheth et al. (2002) define marketing efficiency as the ratio of marketing output over input. Sheth and Sisodia (1995) in referring to their definition of marketing productivity, include two of the dimensions, efficiency as well as effectiveness, for instance getting loyal customers at low marketing costs.

On the other hand, Rust et al. (2004) use the term marketing productivity to refer to how marketing activities are linked to short-term and long-term profits. In reference to literature review, Charnes et al. (1985) first suggested applying DEA to gain insights in to efficiency of marketing efforts. Since then, there have been some marketing studies that used the DEA as a methodology. Kamakura et al. (2002) used DEA to measure welfare loss and market efficiency. Mahajan (1999) studied a DEA model for assessing the relative efficiency of sales units that simultaneously incorporates multiple sales outcomes, controllable and uncontrollable resources, and environmental factors.

2.1.7 Marketing Strategies and Sales Performance

According to Silva (2006), different marketing strategies have different effects on organizational sales performance, Kotler and Armstrong (2006), define a product as anything that can be offered to a market for attention, acquisition, use, or consumption that might satisfy a want or need. They further defined a consumer product as the product bought by the final consumer for personal consumption. Consumers buy products frequently, with careful planning, and by comparing brands based on price, quality and style. Cornish (2007), sees a product as about quality, design, features, brand name and sizes. Mohammad (2012), also say that product is the physical appearance of the product, packaging, and labelling Information, which can also influence whether consumers notice a product in-store, examine it, and purchase it. Past researchers have clearly suggested that product influences have a significant impact on business performance.

In regard to marketing, it has been argued that there are four different ways in which marketing strategies can enhance companies' value creation and that way increase

performance. First, marketing can speed up cash flows through reducing customer risk and building strategic alliances. Second, marketing can increase cash flows through innovation and differentiation. Third, marketing can build assets like brand equity. Fourth, marketing can reduce risks in for example helping to increase customer retention. It is assumed that at least some of these issues are such that marketing and sales can affect them jointly. After all, marketing and sales are jointly responsible for generating revenue and profit for an organization (Smith, 2006). According to Krohmer (2002), Marketing relates positively to some performance indicators including sales performance, business unit performance, profitability and both product development and product management performance. Cross-functional cooperation in arranging marketing activities so that various departments contribute to those activities usually increases the performance of the company or a strategic business unit. Still, there are always both sides, for example inter-functional integration can make the decision making slower (Krohmer, 2002).

Moreover, empirical evidence exists considering particularly the collaboration between marketing strategies and sales performance and its effect on the overall business performance. Both qualitative and quantitative research has indicated that sales performance is positively affected by effective marketing and sales relationship (Guenzi&Troilo 2007). It is found in a qualitative study that a high level of collaboration between these two units is associated positively to business performance outcomes.

As Zubes (1999), states, the purpose of marketing in banking industry is Maximization of bank's profit alongside executing some additional functions. Zubes (1999) confirms that marketing in banking is powerful enough to differ from marketing existing in the field of commodities production. At first this is connected particularity with the banking business, surrounded by which main are: long period life of the amount banked, long term character of interaction banker and consumer, determined by validity of the contract, therefore in a number of cases, profitability, the properties and characteristic of the bank product become to be comprehensible through many years after its sale. Modern marketing strategies such as diversification in financial institutions are applicable in many countries in the world

2.1.8 Elements of marketing Strategy

In order to achieve the marketing objectives, we need to have a strategy that includes different elements. Here there are four major elements that are used in the literature to

explain the detail of marketing strategy. These are the Target market, Segmentation, Positioning and the marketing mixes (Roger Brooks bank, 1994, pp.10-14.).

Segmentation

When it comes to marketing strategies, most people spontaneously think about the 4P (Product, Price, Place, and Promotion). Market segmentation and the identification of target markets, however, are an important element of each marketing strategy. They are the basis for determining any particular marketing mix (Kotler, P, 2007).

At its most basic level, the term “market segmentation” refers to subdividing a market along some commonality, similarity, or kinship. That is, the members of a market segment share something in common. The purpose of segmentation is the concentration of marketing energy and force on the subdivision (or the market segment) to gain a competitive advantage within the segment. Concentration of marketing energy (or force) is the essence of all marketing strategy, and market segmentation is the conceptual tool to help achieve this focus (Kotler, P, 2007).

The importance of market segmentation results from the fact that the buyers of a product or a service are no homogenous group. Actually, every buyer has individual needs, preferences, resources and behaviors. Since it is virtually impossible to cater for every customer’s individual characteristics, marketers group customers to market segments by variables they have in common. These common characteristics allow developing a standardized marketing mix for all customers in this segment (Anderson, Carol H., 2000).

There are five bases for Segmentation (demographic, geographical, behavioral , benefit and psychographic based segmentation) ,(Guenzi&Troilo 2007).

Demographic Segmentation such as Gender, age, income, housing type, and education level are common demographic variables. Some brands are targeted only to women, others only to men. Music downloads tend to be targeted to the young, while hearing aids are targeted to the elderly. Education levels often define market segments. For instance, private elementary schools might define their target market as highly educated households containing women of childbearing age. Demographic segmentation almost always plays some role in a segmentation strategy (Guenzi&Troilo 2007).

Geographic Segmentation is perhaps the most common form of market segmentation, wherein companies segment the market by attacking a restricted geographic area. For example, corporations may choose to market their brands in certain countries, but not in others. A brand could be sold only in one market, one state, or one region. Geographic segmentation can take many forms (urban versus rural, north versus south, seacoasts versus interior, warm areas versus cold, high humidity areas versus dry areas, high- elevation versus low elevation areas, and so on). These examples also reveal that geographic segmentation is sometimes a surrogate for (or a means to) other types of segmentation (Kotler, P, 2007, pp.360).

Behavioral segmentation is based on actual customer behavior toward products. Some behavioral variables include: Benefits sought, Usage rate, Brand loyalty, User status: potential, first-time, regular, etc., Readiness to buy, Occasions: holidays and events that stimulate purchase (Guenzi&Troilo 2007).Lastly, we come to psychographic (or lifestyle) segmentation, based upon multivariate analyses of consumer attitudes, values, behaviors, emotions, perceptions, beliefs, and interests. Psychographic segmentation is a legitimate way to segment a market, if we can identify the proper segmentation variables (or lifestyle statements, words, pictures, etc)

Targeting

Targeting is the next step in the sequential process and involves a business making choices about segment(s) on which resources are to be focused. Targeting is the actual selection of the segment. "A set of buyers sharing common needs or characteristics that the company decides to serve." Companies use target marketing to tailor for specific markets. There are three major targeting strategies: undifferentiated, concentrated, and differentiated. During this process the business must balance its resources and capabilities against the attractiveness of different segments (Kotler, P, 2007, pp.360).

Positioning

Positioning is the use of marketing to enable people to form a mental image of your product in their minds (relative to other products). Positioning is how the product or service is to be perceived by a target market compared to the competition. It answers the question: "Why will someone in the target market(s) buy my product or service instead of the competitions?" An equivalent question is: "What should be the perceived value of my

offering compared to the competitions?” (Kotler, P, 2007).

2.1.9 Service Marketing Mix strategies

The marketing strategy of a business consists of certain components which, as a blend is named as marketing mix. The marketing mix of a bank is considered as its marketing strategy as this mix or the combination of this mix varies with the situation or environment (Kotler, P, 2007).

The marketing mix of a bank consists of seven component sub mixes: product, price, place, promotion, process, people and physical evidence. These are considered as the 7 P’s or 7 elements of bank marketing strategy. In addition to the first 4 P’s of ordinary marketing, (Littler and Wilson, (1995)., 3 more P’s are applicable in the case of bank marketing (Kotler, P, 2007).

These seven P’s are not much effective in isolation. An appropriate blend of these P’s is necessary for a well-orchestrated marketing strategy. Banking professionals’ excellence in blending these sub-mixes gives the best result in the form of satisfaction to customers and profit to the organisation.

2.1.9.1 Product Strategies

A product is anything that can be offered to a market for attention, acquisition, use or consumption that might satisfy a want or need Kotler and Armstrong, 2003. It is a bundle of utilities consisting of various product attributes and accompanying services. The services are of intangible nature and banking services are of that nature. The banking professionals are expected to develop different dimensions of products so that the banking services are made attractive, innovative and competitive. Since banks have customers from different walks of life, a single product specification will not be attractive for all. Service/product of an optimal mix of core and peripheral dimensions will raise the attraction of the product. Generally banking products are grouped under three different heads: Core products, Formal products and augmented products/Peripheral services. Core products are those products in which a banker is engaged in business. For a bank, core products are savings banks, term deposits, current accounts, cash credits, overdrafts, term loans and so on. Formal products are made up of a combination of two or more core products and they have a strong marketing content to meet some customer needs, Heiner, R. S. &Mühlbacher, N. (2007). Unfixed Deposit scheme of Citi Bank is an example for this. The Augmented product is a

Formal product with some ancillary benefits or peripheral services attached to it. For example in many banks when one opens a savings bank account he gets an ATM Card or Credit Card. The different services of a bank form the product mix of the bank. The formulation of a sound product mix is very essential to survive and compete in the market.

A). Product Positioning Strategy

The term positioning refers to placing a brand in that part of the market where it will receive a favourable reception compared to competing products. Because the market is heterogeneous, one brand cannot make an impact on the entire market. As a matter of strategy, therefore, a product should be matched with that segment of the market in which it is most likely to succeed. The product should be positioned so that it stands apart from competition brands. Positioning tells what the product stands for, what it is, and how customers should evaluate it. Positioning is achieved by using marketing mix variables, especially design and communication. Although differentiation through positioning is more visible in consumer goods, it is equally true of industrial goods. With some products, positioning can be achieved on the basis of tangible differences (e.g. Product feature), with many others, intangibles are used to differentiate and position products (Andrew E.2001).

B). Product Elimination Strategy

Marketers have believed for a long time that sick products should be eliminated. It is only in recent years that this belief has become a matter of strategy. If a product's role diminishes or if it does not fit into the portfolio, it ceases to be important. When a product reaches the stage where continued support is no longer justified because performance is falling short of expectations, it is desirable to pull the product out of the market place. Poor performance is easy to spot (Walker, Boyd and Larreche, (1992).

C). New Product Development Strategy

New product development is an essential activity for companies seeking growth. By adopting a new product strategy as their posture, companies are better able to sustain competitive producers on their existing products and make headway. The implementation of this strategy has become easier because of technological innovations and the willingness of customers to accept new ways of doing things. The term new product is used in different senses. For our purpose, the new product strategy will be split into three alternatives; product improvement/modification, product imitation and innovation Kotler and

Armstrong, 2003.

D). Product Mix Strategy

A product mix (also called product assortment) is the set of all products and items that a particular marketer offers for sale. The product mix of an individual company can be described in terms of width, length, depth, and consistency. The width refers to how many different product lines the company carries. The length refers to the total number of items in the mix. The depth of a product mix refers to how many variants of each product are offered. The *consistency* of the product mix refers to how closely relate the various product lines are in end use, production re-quirements, distribution channels, or some other way. These four product mix dimensions permit the company to expand its business by (1) adding new product lines, thus widening its product mix; (2) lengthening each product line; (3) deepening the product mix by adding more variants; and (4) pursuing more product line consistency (Aaker, D.A. and Keller, K.L.1990).

2.1.9.2 pricing strategies

Price is the interest, fees and commission charged and paid by the bank. Price will determine the profitability of the banks. In a highly regulated market, banks have little option in deciding the prices Obulutsa, G.&Merriman,J.(2014).

A). Pricing Strategies for New Products

The pricing strategies for new product should be developed so that the desired impact on the market is achieved while the emergence of competition is discouraged. Two basic strategies that may be used in pricing new products are; skimming pricing and penetration pricing strategy (Philip K. & Garry A. (2007).

1). Skimming pricing: - is the strategy of establishing initial price for a product with a view of “skimming the cream of market” at the upper end of the demand curve. It is accompanied by heavy expenditure on promotion. A skimming strategy may be recommended; When the nature of demand is uncertain, when a company has expended large sums of money on research and development for a new product, When a competition is expected to develop and market a similar product in the near future or when the product is so innovative that the market is expected to mature very slowly. Under these circumstances, a skimming strategy has several advantages. Premium and umbrella prices are two other forms of price skimming. Some products carry premium prices (high prices) permanently and build on image of superiority for themselves. Some times higher prices

are maintained in order to provide an umbrella for small high-cost competitors. Umbrella prices have been aided by limitation laws that specify minimum prices for a variety of products, such as milk (Philip K. & Garry A. (2007).

2). Penetration pricing:- is the strategy of entering the market with a low initial price so that a greater strategy is used when an elite market does not exist and demand seems to be elastic over the entire demand curve even during early stages of product introduction. High price elasticity of demand is probably the most important reason for adopting a penetration strategy. 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).

B). Pricing Strategies for Established Products

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 prices: - 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 prices: - There are three main reasons for lowering prices (Philip K. & Garry A. (2007).

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 K. & Garry A. (2007).

C). Price Bundling Strategy

Bundling also called iceberg pricing refers to the inclusion of an extra margin (for support services) in the price over and above the price of the product as such. This type of pricing strategy has been popular with companies that lease rather than sell their products.

Under the bundle strategy, not only are costs of hardware and profits covered, anticipated

expenses for extra technical sales assistance, design and engineering of the system concept, software and applications to be used on the system, training of personnel and maintenance also include (Philip K. & Garry A. (2007).

D). Pricing Adjustment Strategies

Companies usually adjust their basic prices to account for varies customers' differences and changing situations. Some of the pricing adjustment strategies are; discount and allowance pricing, segmented pricing, psychological pricing, promotional pricing, value pricing, geographical pricing and international pricing. (Philip Kotler, 2007).

2.1.9.3 Place Strategies

This 'P' signifies placing or distribution of services to the ultimate customers.(Gruca, T.S., and Rego.L.L. (2005).The service mix of banks moves through different distribution channels, such as, the branches, the executives and the staff. A suitable location/ point for the establishment of a bank branch is very important. It should give conveniences and comfort to the customers. As far as possible, services should reach the doorsteps of the customers. The behavioural profile and efficiency of the bank personnel is also equally important. No gap in the distribution process would occur that will hinder smooth flow of services since inconveniences to customers would act as a de motivation tool that will result in deserting a bank. Conveniences inside the premises also attract customers to the bank. It should be neat, clean and well furnished. There are many well equipped and air-conditioned branches for many banks. But many others lack proper space, filled with old and worn-out furniture and look unattractive. Effective marketing requires good appearance and comfortable surroundings.

Through this, there is a possibility for covering wider geographical area through other established banks, especially for new banks with limited number of branches. Special counters for certain segments of customers like pensioners, specialized branches for special customers like Non- Resident Indians, exporters etc. and single window concept are now in the offing. Mobile offices and officers which are reaching to customers are in use in many banks, (Hopp and Spearman ,2013).

2.1.9.4 Promotion Strategies

The fourth 'P', promotion plays an important role in promoting banking business, Heiner, R. S.&Mühlbacher,N.(2007). It communicates with the customers/prospective customers on almost all the aspects of the marketing mix like advantages of different products, details of how it is delivered, details on the interest and commission paid and charged by the bank

etc. Simultaneously, it persuades the prospective customers to bank's products. Thus marketing promotion has two basic objectives – first one to inform the prospective customers and second one to persuade them. This could be in various shapes like advertisement, personal interaction and sales campaign. Or this could be a combination of various promotional instruments. Basically there are four important components for promotion strategy, such as: Advertising, Sales Promotion, Publicity and Personal Selling. While formulating a promotion mix, optimal blending of all the four elements is necessary to succeed in informing, persuading, reminding and reinforcing customers.

A). Advertising

Traditional meaning of advertising is that it is a paid form of non-personal presentation and promotion of ideas, goods and services by an identified sponsor. It is a paid form of persuasive communication. In bank marketing it is the bank which directly talks about itself, and pays for doing so. Here the bank tells the prospective customer the merits of its products and how it satisfies the customer. Earlier public sector banks were prohibited from advertising through media. But now they have the freedom to advertise, along with private and foreign banks, their product launch, brand building and their corporate philosophy (Hopp and Spearman, 2013).

B). Sales Promotion

Sales promotion, the next component of the promotion mix, is found effective in motivating the customers and the employees of the bank. It comprises of short term activities intending to boost the banking business. Moreover, sales promotion activities are attention-raisers that will influence prospective customers. If advertising is aimed to increase loyalty towards a brand, sales promotion techniques are intended to increase the actual immediate purchase by existing or prospective buyers. The tools of sales promotion in banks may be in the form of gifts, contests, fairs and shows, discounts and commissions, low interest financing, entertainment and travelling and additional allowance. (Philip Kotler, 2007).

C). Personal selling

Personal selling is an important component of promotion mix, Cundiff, Still and Govoni, 2008. It is very much instrumental in promoting banking business. It is a function of informing the prospective customers and persuading them to purchase products through personal communication in an exchange situation. In personal selling inter-personal or

two-way communication happens and that makes way for a feedback. Moreover, personal selling may be interchanged with persuasion, in meaning, and persuasion has an effective role in the banking business. Personal selling becomes very much effective in improving the quality of banking services since the bankers have a command on it. This art of telling-and-selling is known as personal selling in which an individual, based on his/her expertise, attempts to transform the prospects into customers and a form of direct selling, Jha, and S.M.,Bank, 2000.

D). Public Relations and Publicity

The next component, public relations, occupies an outstanding place in the promotion of banking services. In banking services the development of rapport with customers plays an incremental role in getting the business or keeping the business. It is a two-way communication system to develop mutual understanding between a banking organisation and its customer. It is the way to inform the public about the organisational programmes and activities, so as to create the best public reputation. Most probably it is in the form of a press release to newspapers and banking magazines or financial news so as to create the interest of customers. In banks there is a Public Relations Department and Public Relations Officers. The other components of public relations are press bits distributed during press conference, speeches, seminars, annual reports, charitable donations, sponsorships, community relations and lobbying the noted personalities, VIPs etc. Nasir (2002).

2.1.9.5 Process Strategies

The organisational activities or processes of a typical banking concern were mostly designed during the traditional banking period. In the present scenario of reforms basic changes in banking systems and procedures are necessary for achieving customer satisfaction. The need of the hour is more customer-friendly and marketing-oriented processes that will give uniqueness to the product. For this the work-flow in a bank branch should be customer-oriented so as to give maximum convenience to the customers. Similarly, the present reporting system of sending too many reports/statements should be abolished to reduce the workload of the bank staff. Some bankers have already taken this issue in their consideration while introducing information and communication technology based systems and procedures Jamal and Nasir (2002).

2.1.9.6 People Strategies

People are an important component of bank marketing strategy as human factor is very influential in services marketing. As the inseparability principle is applicable in bank

marketing, the services and service providers are not separable in banks. So the quality of service provided by a bank depends on the quality of people available to the bank. Only quality people can generate efficiency and improve productivity. A fair synchronisation of dedicated and committed team of efficient professionals and new information technology could perform fantastically to produce the best result as in some foreign banks and private banks. Human resource development is the way for the formation of human capital. Since the banking services are intended for customer satisfaction, it is imperative that the top executives at the apex level should give due consideration for their human capital and the people at the counter Ennew and Binks (1999).

2.1.9.7 Physical Evidence Strategies

Like all service products, banking products are also intangible. Making it tangible is a major duty of the banker and for that he uses the instrument of physical evidence in different forms in banks. Proper upkeep of branch premises and interior decoration of branches are originally part of place strategy but which have relevance from the standpoint of physical evidence also. Most of the banks in India accepted this fact with enthusiasm and there is a new look and convenience for many bank branches. Another area of physical evidence is the stationery items like cheque book, pass book supplied to customers and other stationery materials in use. These items may be redesigned to look attractive, clear and convenient to customers. An attractively designed product brochure, a catchy brand name for a product, timely supply of statement of account etc. will make the products tangible Wakefield and Blodgett (1999).

2.2 Empirical Studies

Abdul (2009), did a research on business strategy of manufacturing firms in Malaysia he used the structured questionnaire method. The researcher found out that innovative differentiation strategy which includes technological superiority of items and new items improvement and use of advanced communication strategies is most adopted by the SMEs exporters. It has been discovered to finally enhance their export performance. Similarly, Berhe and Jooh (2008) studied the impact of major marketing factors on firms accounting performance in the pharmaceutical industry. They used a research design called survey method. They discovered that there is a relationship between the firm size and the return on equity. Similarly, Kamau (2013) did a research on effects of differentiation strategy on

sales performance in supermarkets in Nakuru town central business district. The research design employed was non experimental research survey design. The outcome was product differentiation strategy has a positive correlation with sales performance. In most supermarkets product selection, assortment and positioning is demand driven.

Mokaya (2012) looked at the effect of market positioning on organizational performance in the airlines industry in Kenya; case of Kenya airways. They used the research design called explanatory design and they found the following. Within the general segmentation-targeting-positioning Framework in a company and positioning plays a pivotal role in marketing strategy, since it links market analysis, segment analysis and competitive analysis to internal corporate analysis. The measures of performance that affect marketing positioning strategies at the company include employee turnover, increase in assets, increase in products, increase in revenue/profitability. Gbolagade, Adesol and Oyewale (2013) researched on impact of marketing strategy on business performance a study of selected small and medium enterprises (SME's) in Oluyole local government, ibadan, Nigeria. It was established that there was a significant influence between product and business performance.

Odhiambo (2013) researched on effect of pricing as a competitive strategy on sales performance of selected pharmaceutical companies. It was established that pricing strategy and decision has a significant effect on sales performance. Louter, Ouwerkerk, and Bakker (1991) in his research it was revealed that there was a positive relationship between pricing strategy and firm performance.

According to Deonir, Gabriel, Evandro and Fabia (2017), corporate profitability conducted a research on pricing strategies and levels and their impact on corporate profitability. It was revealed that value-based pricing has a positive effect on profitability of an organization. Liozu (2013) conducted a research on pricing orientation, pricing capabilities, and firm performance. The study surveyed 1,812 professionals who are involved in pricing to measure the influence of pricing approach on firm performance. It was established that there was a positive relationship between value-based pricing and firm performance. Andreas (2008) conducted a research on customer value-based pricing strategies and why companies resist it by adopting a two-stage empirical approach. It was revealed that deficits in value assessment; deficits in value communication; lack of effective market segmentation; deficits in sales force management; and lack of support from senior

management are obstacles that hinder implementation of value-based pricing strategy.

Ingenbleek, Debruyne, Frambach and Verhallen (2003) conducted a research on successful new product pricing practices. The study conducted an empirical survey of 77 marketing managers in two business-to-business industries (electronics and engineering) in Belgium. It was revealed that value-based pricing is positively correlated with new product success. Nagle and Singleton (2011) surveyed 200 corporations on the impact of pricing strategies on the corporations' profitability. They found that companies, which implemented sophisticated value-based pricing strategies, earn 31% higher operating income than competitors basing pricing strategies on market share goals or target margins.

Füreder, Maier, and Yaramova (2014) conducted a research on Value-based pricing in Austrian medium-sized companies. It was revealed that use of value based pricing enables a firm generate more returns and create a competitive advantage.

On the hand, Karanja (2014) studied the effect of marketing capabilities and distribution strategy on performance of MSP intermediary organizations' in Nairobi County, Kenya. The researcher used the descriptive-explanatory cross-sectional survey research design. In this case, the research found out that superior marketing capabilities and the choice of distribution strategy contributed significantly to the performance of MSP Intermediary organizations. Based on the results obtained, it was established that the composite effect of marketing capabilities and distribution strategy further enhanced the performance of MSP Intermediary organizations. According to Louter, Ouwerkerk and Bakker, (1991) distribution strategy has a positive impact on firm performance. Revino, Silvya and Christoffel (2015) conducted a research on the effect of distribution channel sales volume in Pt. Varia Indah Paramitha Manado. Findings revealed that distribution channels had a positive and significant impact on sales volume.

Ferri, Mohd, Radia and Hamidreza (2012) conducted a research on impact of distribution channel innovation on the performance of Small and Medium Enterprises. Findings revealed that innovation in assortment; information sharing and transportation coordination had positive and significant relationships with firm performance. Laswai (2013) conducted a research on assessment of the effectiveness of channels of distribution models in the sales performance of an organization. The study sampled 90 respondents. Interviews, questionnaires and documentary reviews were used to collect data. Findings revealed that

distribution channel has a positive influence on sales performance.

Chege, Muathe and Thuo (2014) conducted a research on the effect of marketing capabilities and distribution strategy on performance of MSP intermediary organizations 'in Nairobi County, Kenya. The study used descriptor-explanatory cross-sectional survey research design. Target population was of 397. Stratified and simple random sampling was used to select 219 respondents. Semi-structured questionnaire was used to collect primary data. It was established that marketing capabilities and choice of distribution strategy has a significantly influence on performance.

Vorhies, Morgan and Autry (2009) conducted a research on product-market strategy and the marketing capabilities of the firm: impact on market effectiveness and cash flow performance. It was revealed that there was a positive relationship between distribution channel management and firm performance. Afzal (2009) conducted a research on marketing capability, distribution strategy and business performance in emerging markets of Pakistan. Findings revealed that distribution strategy has an effect on business performance.

Oladun (2012) conducted a research on innovative distribution strategies and performance of selected multinational corporations (MNCs) and domestic manufacturing firms In Nigeria. Findings revealed that distribution strategies had a positive influence on performance. Cross-sectional survey was used. Simple random sampling was used to select 175 respondents. Findings revealed that innovative distribution strategies have a significant effect on performance. However, a study done by Sin, (2000) stated that there was no significant correlation between performances of companies with distribution channels.

Musibau, Choi and Oluyinka (2014) researched on the impact of sales promotion and product branding on company performance. The study sampled 60 employees. Data was collected using survey questionnaires. Data was analyzed using chi-square (χ^2). It was revealed that product branding and sales promotion affect organizational growth. Njawa (2015) researched on the effects of advertising on organizational performance of TIGO Telecommunication Network Junior. Population of the study was employees who work at Tigo employees. Questionnaires, interviews, and documentary review were used to collect data. It was established that brand awareness, brand loyalty, and brand equity has a significance influence on organizational performance. According to Abiodun (2011), advertising is a non-personal paid form of "communication about an organization or its

product to a target audience through an mass broadcast medium by an identified sponsor". Adewale (2004) state that advertising is a non-personal communication strategy that is directed at target audience through various media in order to present and promotes products, services and ideas. According to Engel (2000), advertising is a strategy used by organizations to inform, remind and persuade customers to purchase a product. It is also used to present product, ideas and reach targeted customers. Advertising is any paid form of non-personal communication about an organization, good, service or idea by an identified sponsor (Berkowitz, Kerin, Hartley and Rudelius, 2000). Ashkan (2016) conducted a research on the role of advertisement in sales increase and promotion in Hamadan Province Insurance Companies. It was revealed that advertising has an impact on sales increase.

According to Olusegun (2006), advertising is used to inform customers an existing product or new product, maintain sales, attract new customers, introduce new packages and achieve a competitive advantage. Akanbi and Adeyeye (2011) conducted a research on the association between advertising and sales volume in Nigerian Bottling Company PlcAkanbi. It was established that there was a significant relationship between advertising and the sales of the company. Agbeja, Adalakun and Akinyemi (2015) researched on analysis of the effect of advertising on sales and profitability of company it was revealed that there was a significant effect between advertising and profitability. Gan (2010) conducted a study on empirical analysis: advertising effects on firm performance in the Malaysian consumer products sector. It was established that there was a positive relationship between advertising and firm performance.

Njawa (2015) in his research on the effects of advertising on organizational performance: Case study of Tigo telecommunication network junior. The finding revealed that advertising has a significant influence on organizational performance. Musa (2003) researched on relationship between advertising and organizational performance in Tanzania. It was established that advertising has a direct relationship with overall business performance in a company. Dauda (2015) conducted a research on effect of advertising on the sales revenue and profitability of selected food and beverages firms in Nigeria. It was revealed that there was a positive and significant relationship between advertising and firm profitability. However, that study also revealed that there was no positive significant relationship between advertising expenses and sales revenue of the companies. It was

recommended that the organization should not only concentrate on advertising to increase sales revenue and firm profitability they should also use sales promotion, personal selling, publicity.

Jebungei (2014) researched on influence of advertising on organizational performance of cosmetic manufacturing firms in Kenya. The finding revealed that use of advertising enables an organization create awareness and appeal. In addition advertisement also has an influence on performance of products. It enables an organization increase sales volume and profit. Liban (2015) researched on the impact of advertisement on sales in telecommunication companies in Somalia it was established that advertising had a significant impact on the sales volume.

Joshi, Prabhu and Chirputkar (2016) researched on impact of advertising and sales promotion expenses on the sales performance of Indian Telecommunication Companies. It was revealed that there exists a significant positive relationship between advertising and sales promotion on sales performance. Nana, Gloria and Kwamena (2011) conducted a research on the effect of marketing communications on the sales performance of Ghana Telecom (Vodafone, Ghana). Findings revealed that there was a strong relationship between strong relationships between sales promotion, advertising budgets and total sales.

Carroll & Buchholtz, (2015) conducted a research on process strategies and the finding revealed that, companies to use more decentralized systems to increase sales performance of business partners. Moreover, the processes within the company should be improved by reducing waste in order to serve the Marketing overall objective of making the world a better place. Brindley & Oxborrow, 2013 that suggests that companies should increase transparency throughout important business processes and disclose all information regarding substantial risk associated with the product offering or its components in order to increase reliability of the company's business practices and promotions, resulting in trust among consumers.

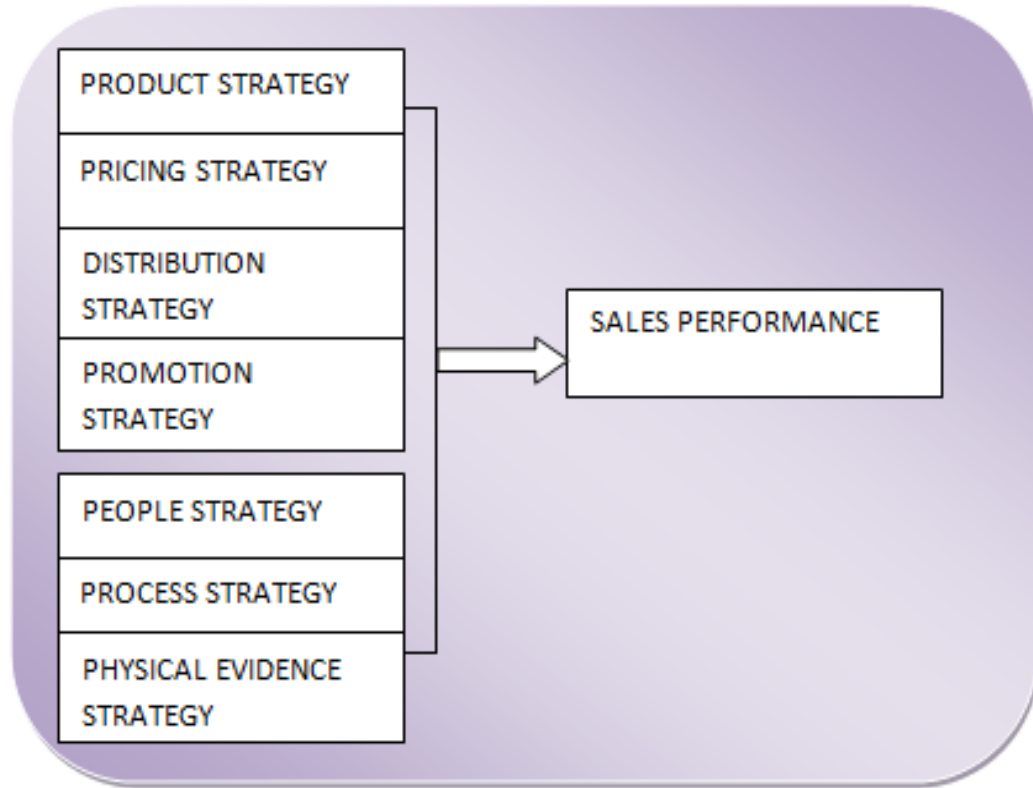
(Crane & Matten, 2010) ethical professional companies are likely to attract ethical job candidates, which tend to be more productive companies implement ethical norms and behavior in the training of their employees' working roles, these are increase sales performance of the companies. Hence, marketing strategies introduces high ethical and

integrity norms, and results in an improved education of sustainable behavior among employees.

2.3 Conceptual frame work of the studies

The marketing strategy of a business consists of certain components which, as a blend is named as marketing mix. The marketing mix of a bank is considered as its marketing strategy as this mix or the combination of this mix varies with the situation or environment. The marketing mix of a bank consists of seven component sub mixes: product, price, place, promotion, process, people and physical evidence. These are considered as the 7 P's or 7 elements of bank marketing strategy. In addition to the first 4 P's of ordinary marketing, 3 more P's are applicable in the case of bank marketing. These seven P's are not much effective in isolation. An appropriate blend of these P's is necessary for a well-orchestrated marketing strategy. Banking professionals' excellence in blending these sub-mixes gives the best result in the form of satisfaction to customers and profit to the organisation.

Figure 2.1 **framework of the study**



Source: customized from Kotler and Armstrong (2006), Lovelock, C. H. (2011)

The above figure 2.1 represents the relationship between independent variables with dependent variables. Based on different marketing theories, assumptions and principles the researcher tries to create relationship to study the role of marketing strategy on sales performance of the bank.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

Research methodology deals with a systematic and scientific methods that can be adopted to solve research problems. Methodology is a crucial step in any research because it directly influences the whole research and its findings. This chapter presents the major methodology employed for the study to gain an insight in to the role of marketing strategy on sales performance provided by Commercial bank of Ethiopia.

While the study's primary aim is to determine the role of marketing strategy on sales performance in Commercial bank of Ethiopia, the research design and methodology section was clearly define the research design, the sample and sampling techniques, sources of collecting data, the procedure of data collection and finally the method of data analysis will be intensively present.

3.2 Research Approach And Design

This research employed both quantitative and qualitative (Mixed) research approach. According to Creswell (2008) mixed methods research is an approach to inquiry that combines or associates both qualitative and quantitative forms. It involves philosophical assumptions, the use of qualitative and quantitative approaches, and the mixing of both approaches in a study. It opens the door to multiple methods, different worldviews, and different assumptions and to utilize different forms of data collection and analysis.

The research adopted sequential explanatory research design. Morse (1991) suggested that sequential explanatory design is typically used to explain and interpret quantitative results by collecting and analysing follow-up qualitative data. It can be especially useful when unexpected results arise from a quantitative study.

This research also employed both descriptive and explanatory research design techniques. Descriptive research is used to describe the phenomena as it was in the organization setting, to describe the major practices applying to enhance effective marketing strategies. On the other hand, explanatory research used to create relationship among variables.

3.3 Population of the Study

Trochim (2000) recommended that to make a distinction between the population that the researcher likes to generalize to or theoretical population, and the population that will be accessible or accessible population to the researcher. For the purpose of this research all employees of commercial bank of Ethiopia considered as theoretical population and employees assigned at head office and district level considered as accessible population. Therefore, total theoretical populations are 34,879 whereas; the accessible populations are 301. The characteristics of target populations' are homogeneous. All districts of commercial bank of Ethiopia implement the strategy suggested by head office. Therefore, taking appropriate sample size from a certain district can represent the whole districts.

3.3.1 Description of study area

This research conducted particularly to investigate the role of marketing strategy on sales performance of Commercial Bank of Ethiopia. There are many marketing strategies, theories, assumptions and approaches applicable to guide day to day marketing functions of an organization. Marketing strategy of an organization is not something found ubiquitous and it is a secret and hidden plan of an organization. Therefore, most of the organizations in the banking industry are unwilling to provide any information related with marketing strategy. Understanding these practical facts are keys for selecting willing organization and identifying target area or person who have access to know specific information related with marketing strategy. Commercial Bank of Ethiopia is willing and supportive to provide information for academic purpose. Besides willingness to provide information it's ideal place to understand the relationship between marketing strategy and sales performance. Because of its leading position in the market and its longest experience in the industry it serves as benchmark to establish or to modify marketing strategy in Ethiopian banking industry. All employee of commercial bank of Ethiopia doesn't have adequate knowledge concerning marketing strategy. Few employees at head office and district level are responsible to establish, modify, evaluate and control all marketing strategy related issues. The researcher carefully identified the right directorate and departments that have direct contact with the subject at hand.

CBE's organizational structure divides the organization in to two major business divisions i.e. banking service and banking operation. Under banking service there are five directorates (quality assurance , deposit mobilization, payment service , business network support and district control) and under banking operation there are four directorates (cash

management , conventional payment , alternative payment channel and contact center) under each directorate there are different departments. At district level there are six departments (credit management department, credit underwriting department, resource mobilization department, business partnering department, internal control department and operation and logistics department) CBE.PORTAL.

The researcher identified the most relevant directorate and departments which have direct access to the knowledge of the subject under study. At head office level out of nine directorate five directorates (quality assurance , deposit mobilization , business network support, conventional payment and alternative payment channel) and at district level out of six department three departments (resource mobilization, business partnering and operation and logistics department) found relevant and they have adequate knowledge concerning marketing strategy. All relevant directorates contains fifty five (55) employees, out of this number, thirty one (31) randomly selected employees were contacted. Commercial bank of Ethiopia has 15 districts and each district contains 3 relevant departments for the purpose of this study. The research contacted 4 largest districts; each district contains 3 relevant departments. Each district contains an average of two hundred forty six (246) employees in three departments there for from total accessible population one hundred forty one (141) randomly selected employees were contacted to gather data for the purpose of this research.

3.4 Sample Size and Sampling Techniques

From the accessible population identified above, the researcher taken representative and appropriate sample size using valid sampling technique. The research drawn 172 sample sizes, to determine representative sample size the research used formula suggested by Taro Yamane (1967). Calculated as

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

$$n = \frac{301}{1 + 301(0.05)^2} = 172$$

Where n: is the sample size (172)

N: is the population size (301)

e: is error term (0.05)

Using this formula, considering 5 percent margin of error, 95 percent level of precision and a proportion of 95 percent for the maximum possible degree of variability the sample size taken from the population is 172 respondents.

The researcher would be utilized both probability and non-probability sampling method. Non- probability or judgmental sampling technique used to select four districts among fifteen districts of commercial bank of Ethiopia. This four district selected because of geographical proximity to the researcher and homogeneity nature of the district or all districts follow the same policies, strategies and procedures the researcher inclined to choose only four districts. Proportional Stratified Probability sampling techniques used to select appropriate sample size from each stratum (districts) finally the researcher used simple random sampling to select each respondent using lottery method.

Table 3.1 Distribution of target population and assigned sample size

S.no	HO/District	Accessible population from HO/District	Sample size
1	Head office	55	32
2	West Addis Ababa district	65	37
3	North Addis Ababa district	63	36
4	East Addis Ababa district	60	34
5	South Addis Ababa district	58	33
	Total	301	172

The above tables 3.1 represent the number of accessible population and sample size of employee of commercial bank of Ethiopia at head office and district level.

3.5 Data Source and Collection Method

This research used primary source from employees of commercial bank of Ethiopia from different directorates and departments (i.e. business network support directorate, payment service directorate, deposit mobilization directorate, resource mobilization department, HR business partnering department , internal control department, operation and logistics department) at a head office and district level . Secondary source of data would be used from books, journals; internet reports, manuals, websites, articles, magazines and any published and unpublished documents related to the topic under study etc. As stated earlier, in order to obtain primary data, the researcher collected data through questioners and interviewing marketing department staffs and managers of commercial bank of Ethiopia. For the purpose of gathering primary data, structured questionnaire were used and administer with the selected sample respondents (employee of CBE). The questionnaire were both open-ended and close-ended questions, to reflect their opinions and experiences related to relationship marketing practices being carried out by the CBE, their sales performance and to express their views as to what is to be done by the bank.

3.6 Procedure of Data Collection

The researcher asked permission from bank manager. After permission granted by the bank, the questionnaires were distributed to the respondents .The survey pack included a copy of the cover letter, and the questionnaire. Collection of responded questionnaire starts after a week from date of administration and continue for a month.

3.7 Method of Data Analysis

Both qualitative and quantitative data analysis methods (mixed method) are applied based on the nature of data collected. As it is discussed in the beginning of this section, the study employed descriptive and explanatory statistics. Therefore, the quantitative data which gathered through structured questionnaire was analyzed by using computerized software designed for statistical aid for social science fields or **SPSS** (Statistical Package for Social Science) version 20, and the data organized using frequency tables, percentages, Mean and pie charts. Finally, qualitative data gathered through interview and document review is analyzed through organization based on their types and reduction through summarization and categorization.

3.8 Pilot test

Prior to the final draft of the questionnaire, a pilot test was carried out by 15 participants for the purpose of improving the questionnaire by identifying and eliminating potential problem. The main objective is to detect weakness in questionnaire design and instrumentation. Many aspects of the questionnaire has been tested, including content of the question, wording, sequence, form, layout and instruction. Feedback and comments from research advisor also taken into consideration and after collecting the feedback, editing was done to correct the ambiguous wordings, leading questions and unclear format... etc., before mass distribution of the questionnaire.

3.9 Reliability test

Reliability is defined as be fundamentally concerned with issues of consistency of Measures (Bryman and Bell, 2003). Internal consistency reliability: Internal consistency reliability is a measure of consistency between different items of the same construct. This reliability can be estimated in terms of average inter-item correlation, average item-to-total correlation, or more commonly, Cronbach's alpha. Cronbach's alpha, a reliability measure designed by Lee Cronbach in 1951, factors in scale size in reliability estimation, calculated using the following formula:

$$\alpha = \left(\frac{K}{K-1} \right) * \left(1 - \frac{\sum_{i=1}^K S_i^2}{St^2} \right)$$

Where: **K** is the number of items in the measure,

St² is the variance (square of standard deviation) of the observed total scores, and

Si² is the observed variance for item *i*.

According to Hair, et al., (2006), if α is greater than 0.7, it means that it has high reliability and if α is smaller than 0.3, then it implies that there is low reliability. To meet consistency reliability of the instrument, the questionnaire was distributed to 15 employees of commercial bank of Ethiopia. The aggregate result of this study was Cronbach's 0.82. The result of all seven independent and dependent variable result was greater than 0.7 which is highly reliable The Cronbach's Alpha value for this study identified and summarized in table-3.2 and table 3.3 as shown below.

Table 3.2 reliability test for each dimension

Reliability statistics				
S.N.	Dimension	N.	NO. of items	Cronbach's Alpha result
1	Convenience strategy	15	5	0.734
2	Promotion strategy		5	0.760
3	Process strategy		6	0.761
4	physical evidence strategy		6	0.736
5	product strategy		6	0.737
6	pricing strategy		6	0.742
7	People strategy		5	0.769
8	Sales performance		6	0.879
Aggregate result			45	0.82

Source: own survey, 2019

Table: 3.3 aggregate reliability test result

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.827	.824	45

Source: own survey, 2019

3.10 Validity test

In order to measure the attribute of interest, and for the instrument to be predictable, consistent, and accurate, this study tried to address three types of validity: construct validity, Face and Content validity

Construct Validity: The researcher tried to address the construct validity through the review of literature and adapting instruments used in previous researches. Moreover, the study

tried to clearly define the construct of interest, develop valid measures that operationalize defined constructs as well as conducted a pilot test. Face and Content validity: This study used research construct measures based on theoretical study which has been evaluated by experts in the field for its face validity.

3.11 Ethical Considerations

There are certain ethical protocols that have been followed by the researcher. The first is soliciting explicit consent from the respondents. This ensures that their participation to the study is not out of their own will. The researcher also ensured that the respondents were aware of the objectives of the research and their contribution to its completion. One other ethical measure exercised by researcher is treating the respondents with respect and courtesy (Schutt, 2006). This was done so that the respondents will be at ease and are more likely to give sincere responses to the questionnaire. There were also ethical measures that have been followed in the data analysis. To ensure the integrity of data, the researcher checked the accuracy of encoding of the survey responses. This was carried out to ensure that the statistics generated from the study are truthful and verifiable (Schutt, 2006).

CHAPTER FOUR

DATA PRESENTATION , ANALYSIS AND INTERPRETATION

4. Introduction

This chapter consists of results obtained from different data sources such as questionnaires, interviews and secondary data. The data collected are organized, summarized and interpreted by using tables, charts and figures. Descriptive statistics, such as frequency, percentage, mean and standard deviation and inferential statistics like correlation and regression were used to transform the raw data in to meaningful facts. The researcher used SPSS version 20 (statistical package for social science) in order to compute the data gathered through questionnaire. The output generated from SPSS organized and presented in to three sub sections they are demographic characteristics of respondent, descriptive analysis statistics and inferential statistics sub sections.

4.1 Demographic characteristics of the respondents

This sub-section focuses on describing the study area and specific characteristics of respondents. The researcher used tables to present the data because these tools have potential ability to catch the attentions of reader and simple to understand. Demographic variables like gender, age, educational level, and work experience and job position were included in this sub section. The demographic characteristics of informants are presents as follows;

Table 4.1.1 Demographic characteristics of the respondent

Variable	Category	Frequency	Percentage	Total
Gender	Male	89	54.3%	164
	Female	75	45.7%	
Age	between 20-24 years	3	1.8%	
	between 25-29 years	37	22.6%	
	between 30-34 years	65	39.6%	
	between 35-39 years	32	19.5%	
	between 40-44 years	16	9.8%	
	Above 45 years	11	6.7%	
Education	College Diploma	6	3.7%	
	BA/BSC Degree	93	56.7%	
	MA/MSC Degree	65	39.6%	
Work experience	between 1-3 years	7	4.3%	
	between 3-5 years	52	31.7%	
	between 5-7 years	63	38.4%	
	between 7-9 years	22	13.4%	
	between 9-11 years	20	12.2%	
Job position	Managerial	41	25%	
	Non –managerial	123	75%	

Source: own survey, 2019

Table 4.1.1 shows that, out of 164 informants 89(54.3%) of the respondents were male whereas 75(45.7%) of respondents were female. This figure shows the distribution of employees placed at head office and at district level is fairly equal. Among randomly selected employees the majority of respondents held non managerial 123 (75%) and others 41(25%) held managerial position. Including responses from Managers and non- managers used to decrease the personal biases caused by position. This research further explored that there is considerable difference on total sales performance score between managerial and non-managerial positions with respect to marketing strategy dimensions. Including age variable in the research used to highlight people strategy of the bank. The result revealed that age group between 30-34 years are the highest age group covers 65(39.6%) followed by age group between 25-29 years covers 37(22.6%), age group between 25-39 years covers 32(19.5%), age group between 40-44 years covers 16(9.8%), age group greater or equal to 45 years covers 11(6.7%) and the least age groups are between 20-24 years covers 3(1.8%). Generally speaking the age distribution of respondents indicates the majority 64% of the respondents are below 35 years and the remaining 36% of the respondents are beyond 35 years of age. The data further indicates the age structure of commercial bank of Ethiopia is young generation. As clearly indicated by table 4.1.1 the majority of the respondents 93(56.7%) are BA/Bsc degree holder followed by MA/Msc degree holder covers 65(39.6%) and the lowest are college diploma holders they cover only 6(3.7%) of the respondents. The data revealed that more than 95% of the respondents were greater or equal to BA/Bsc holder which means the distribution of educational level in commercial bank of Ethiopia is good. The majority 63(38.4%) of respondents stayed for 5 up to 7 years followed by between 3-5 years 52(31.7%) , between 7-9 years 22(13.4%) , between 9-11 years 20(12.2%) and between 1-3 years 7(4.3%). There is no respondents found that has work experience greater or equal to 11 years. More than 95% of respondents have work experience greater than 3 years and only 4.3% of respondents have less than 3 year work experience. It's clear that higher work experience used to grasp how each marketing strategy affect sales performance of an organization and to understand organizations' action concerning marketing strategy dimensions.

4.2 Descriptive statistics

The major aim for this subsection is to describe marketing strategy dimensions in the banking industry. Seven service marketing strategy dimensions and sales performance of

commercial bank of Ethiopia independently described. This sub section used mean and standard deviation as a measurement tools for quantitative data. To present the data collected from different sources (empirical data, questionnaire and interview) the researcher used data triangulation techniques.

Proportional data classification guide used in order to decide whether the marketing strategy practice in the bank is good or bad. There for the researcher divided in to three equal parts denoting effective , moderate and ineffective practice using this formula (to find cut off point subtracting one from total number of scale and then dividing the result to desired number finally determining the initial and destination range by subtracting cutoff point. $5-1 = 4 = 4/3 = 1.333$ (cut off point) $5-1.333 = 3.667-5.00$ effective marketing strategy practice, Mean value between $3.667-1.333 = 2.334-3.667$ moderate marketing strategy practice and $2.334-1.333 =$ Mean value between 1.00 up to 2.334 lower marketing strategy practice)

4.2.1 Convenience strategy

Table 4.2.1 convenience strategy

Convenience strategy	Mean	Std. Deviation
Commercial Bank of Ethiopia has convenience strategy to be nearer to customer's home/office	4.01	.665
Commercial Bank of Ethiopia has convenience strategy to be fast to acquire state of the art technology	3.90	.772
Commercial Bank of Ethiopia has convenience strategy to Set Convenient banking hours based on customer's need	3.89	.872
Commercial Bank of Ethiopia has convenience strategy to be Leader on Number of branches in different area of city	4.13	.897
Commercial Bank of Ethiopia has convenience strategy to be Leader in providing banking service through agents	3.85	.838
N=164 , Grand mean of convenience strategy	3.9573	.54571

Source: own survey , 2019

Convenience is one of the most important factors and it's among 4P's marketing mix element. As clearly shown by table 4.2.1, The result revealed that (Grand Mean = 3.96) commercial bank of Ethiopia uses effective convenience strategy. it's clear that the value of standard deviation shows there is low (SD = 0.54) response variation between respondents which means all respondents alike accepts the grand mean value of convenience strategy that means commercial bank of Ethiopia utilizes effective convenience strategy. From different parameters listed to measure convenience strategy of the bank some parameters such as increasing number of branches, being the nearest bank for every banking service user, building technology based service delivery system, setting convenient banking hour based on customer's need and providing banking service through agents (using agents) registered (Mean = 4.13, Mean = 4.01, Mean 3.90, Mean = 3.89 and Mean = 3.85) highest to the lowest respectively.

4.2.2 Promotion strategy

Table: 4.2.2 promotion strategy

Promotion strategy	Mean	Std. Deviation
Commercial Bank of Ethiopia uses promotion strategy of frequently Using Above the line advertising (TV , RADIO...) method	4.24	1.056
Commercial Bank of Ethiopia uses promotion strategy of frequently using Through the line advertising (social media , web pages) method	3.84	.846
Commercial Bank of Ethiopia uses promotion strategy of frequently using below the line advertising (Exhibition/Trade Shows) methods	3.42	1.027
Commercial Bank of Ethiopia uses promotion strategy of frequently using indirect promotion techniques (press release , public relation)	3.49	.896
Commercial Bank of Ethiopia uses promotion strategy on participating in socially desirable corporate social responsibility programs	3.97	.868
N=164 , Grand mean of promotion strategy	3.7915	.67355

Source: own survey, 2019

Promotion communicates with the customers/prospective customers on almost all the aspects of the marketing mix like advantages of different products, details of how it is delivered, details on the interest and commission paid and charged by the bank etc. Marketing promotion has two basic objectives – first one to inform the prospective customers and second one to persuade them (Heiner and Mühlbacher 2007). There are four important components for promotion strategy, such as: Advertising, Sales Promotion, Publicity and Personal Selling (Jha, and S.M.,Bank, 2000).

This research tried to identify suitable promotion strategy in banking sector. Respondent's asked five questions representing general promotion strategy. As clearly indicated by table 4.2.2 grand mean of promotion strategy is grand Mean = 3.79 , SD=.67 The grand mean value of promotion strategy fall within the range 3.67- 5.00 value which signifies effective promotion strategy in commercial bank of Ethiopia. The value of standard deviation also confirms there is small response deviation between respondents and within different promotion strategy parameters. Frequently using above the line advertising techniques (M=4.24, SD=1.056), participating in socially desirable corporate social responsibility programs (M=3.97, SD=.868) and frequently using through the line advertising techniques (M=3.84 , SD=.846) have registered higher mean value greater than grand mean value compared with frequently using indirect promotion techniques and strategy of frequently using below the line advertising techniques M=3.49 ,SD=.896 and M=3.42, SD=1.027 respectively.

4.2.3 Process strategy

Process strategy is a back bone for the service industry. Process strategy focuses on building customer-friendly and facilitating smooth flow of resources. Effective process strategy enhances productivity through eliminating non value adding processes. This research assessed the major process strategy practiced in Ethiopian banking industry. As clearly indicated by table 4.2.3 the respondents asked to respond on six process strategy parameters. The result highlighted that the grand mean of process strategy is Grand mean = 3.77 , SD= .57 which is within mean value 3.66-5.00 it indicates commercial bank of Ethiopia uses effective process strategy . The value of standard deviation also highlights there is low response variation between respondents which means all respondents alike inclined to accepts the grand mean value of process strategy. The function of effective

process strategy can't be limited to these six parameters but they can be indicators of the existence of good process strategy. The result further indicated that introducing customer friendly product or product simplicity , introducing customized services for local users , adopting Standardized procedures throughout the organization, quick service delivery , eliminating non-value adding process throughout the organization and eliminating business as usual practices registered higher to lower Mean value M=3.88 , M=3.85 ,M=3.79 , M=3.72 , M=3.68 and M=3.57 respectively.

Table: 4.2.3 Process strategy

Process strategy	Mean	Std. Deviation
Commercial Bank of Ethiopia paid attention in improving banking process through adopting Speedy delivery of service	3.72	.956
Commercial Bank of Ethiopia paid attention in improving banking process through Eliminating business as usual practices	3.57	.800
Commercial Bank of Ethiopia paid attention in improving banking process through Adopting Standardize procedures throughout the organization	3.79	.733
Commercial Bank of Ethiopia paid attention in improving banking process through Customization of services to be simple for local users	3.85	.816
Commercial Bank of Ethiopia paid attention in improving banking process through Simplicity of products to the final user	3.88	.854
Commercial Bank of Ethiopia paid attention in improving banking process through Eliminating non-value adding process throughout the organization	3.68	.812
N=164 , Grand mean of process strategy	3.7683	.57477

Source: own survey, 2019

4.2.4 Physical evidence strategy

Like all service products, banking products are also intangible. Making it tangible is a major duty of the banker and for that he uses the instrument of physical evidence in different forms in banks. Proper upkeep of branch premises and interior decoration of branches are originally part of place strategy but which have relevance from the standpoint

of physical evidence , stationery items like cheque book, pass book, attractively designed product brochure, a catchy brand name for a product should be attractive, clear and convenient to customer will make the products tangible.

Table 4.2.4 presents the result of physical evidence strategy in banking industry. Respondents were asked to indicate the level of their agreement/disagreement on six parameters' of physical evidence strategy.

Table: 4.2.4 physical evidence strategy

Physical evidence strategy	Mean	Std. Deviation
Commercial Bank of Ethiopia works to be visible in considering physical evidence strategy of Using easily understandable logo	4.19	1.094
Commercial Bank of Ethiopia works to be visible in considering physical evidence strategy of Crafting influential taglines	3.85	.848
Commercial Bank of Ethiopia works to be visible in considering physical evidence strategy of Publishing unique pamphlets	3.98	.734
Commercial Bank of Ethiopia works to be visible in considering physical evidence strategy of Continuously using standardized organization's color throughout the organization	4.03	.704
Commercial Bank of Ethiopia works to be visible in considering physical evidence strategy of Preparing reliable timely financial report	4.02	.917
Commercial Bank of Ethiopia works to be visible in considering physical evidence strategy of Acquiring easily identifiable fixed assets (building, furniture) to represent CBE	3.99	1.051
N=164 , Grand mean of physical evidence strategy	4.0081	.59302

Source: own survey , 2019

The result revealed that physical evidence strategy registered higher grand mean (Grand Mean = 4.01, SD =.59) compared with other service marketing mixes element included in this research. On the other hand physical evidence strategy registered slightly higher standard deviation value which implies in some extent there is response difference between respondents. This response variation mainly caused by some respondents rated higher value

than grand value and others responded to lower value from the grand mean. Parameters such as adopting easily understandable logo , using standardized organization’s color throughout the organization and Preparing reliable timely financial report registered (M=4.19 , M=4.03 and M=4.02) higher mean value respectively . On the other hand, parameters such as acquiring easily identifiable fixed assets (building, furniture) to represent CBE (M=3.99), Publishing unique pamphlets (M=3.98) and crafting influential taglines (M=3.85) registered lower mean value.

4.2.5 Product strategy

Table 4.2.5 product strategy

Product strategy	Mean	Std. Deviation
Commercial Bank of Ethiopia utilizes product strategy To be market leader in introducing new products	4.000	.9529
Commercial Bank of Ethiopia utilizes product strategy To be proactive to answer future need of customer	3.99	.836
Commercial Bank of Ethiopia utilizes product strategy of emphasizing on product diversification	3.96	.750
Commercial Bank of Ethiopia utilizes product strategy of emphasizing on product specialization	3.95	.899
Commercial Bank of Ethiopia utilizes product strategy of focusing on adding new feature on existing product	3.91	.964
Commercial Bank of Ethiopia utilizes product strategy on improving product that has greater significance for profit contribution	3.97	.825
N=164 , Grand mean of product strategy	3.9634	.57500

Source: own survey, 2019

A product is anything that can be offered to a market for attention, acquisition, use or consumption that might satisfy a want or need (*Kotler et al, 2003*). Service/product of an optimal mix of core and peripheral dimensions will raise the attraction of the product.

Generally banking products are grouped under three different heads: Core products, Formal products and augmented products/Peripheral services. According to Heiner & Mühlbacher (2007) the formulation of a sound product mix is very essential to survive and compete in the market. There are many potential product strategies, but we could categorize in to Product Positioning Strategy, Product Elimination Strategy, New Product Development Strategy and Product Mix Strategy. Product positioning strategy refers to placing a brand in that part of the market where it will receive a favorable reception compared to competing products (Andrew, 2001), Product elimination strategy used when a product reaches the stage where continued support is no longer justified because performance is falling short of expectations, it is desirable to pull the product out of the market place. Poor performance is easy to spot (Walker and Larreche, 1992). , New product development strategy is adopting a new product strategy as their posture, companies are better able to sustain competitive producers on their existing products and make headway (Aaker and Keller , 1990) and product mix strategy deals width , length depth and the consistency of the product mix (Aaker and Keller,1990).This research tried to assess the major product strategy in Ethiopian banking industry. The respondents asked to react on six general parameters of product strategy. As clearly indicated by table 4.2.5 the grand mean value of product strategy is (grand mean = 3.96, SD= 0.57) which indicates commercial bank of Ethiopia uses effective product strategy. The value of standard deviation for product strategy indicates there is low response deviation among respondents. From different product strategy parameters being market leader in introducing new products (M=4.00), being proactive to answer future need of customer (M=3.99) and improving product that has greater significance for profit contribution (M=3.97) registered above grand mean result on the other hand, parameters such as product diversification strategy (M=3.96) , Product specialization strategy (M=3.95) and adding new feature on existing product (M=3.91) registered below grand mean. Indeed the above quantitative result supported by most interviewees, according to them commercial bank of Ethiopia is market leader in Ethiopian banking industry. Commercial bank of Ethiopia has strategic vision to become world class commercial bank in the year of 2025. They added that commercial bank of Ethiopia strive to be market leader through anticipating future need of customer and delivering reliable service.

4.2.6 Pricing strategy

Table 4.2.6 pricing strategy

Pricing strategy	Mean	Std. Deviation
Commercial Bank of Ethiopia adopts suitable pricing strategy of Charging competitive price for all product	3.57	1.173
Commercial Bank of Ethiopia adopts suitable pricing strategy of Charging higher price during new product introduction	2.45	1.098
Commercial Bank of Ethiopia adopts suitable pricing strategy Assigning different price quote for the same product based on certain criteria	2.86	1.050
Commercial Bank of Ethiopia adopts suitable pricing strategy to Charging industry's minimum price when facing fierce competition	3.02	1.303
Commercial Bank of Ethiopia adopts suitable pricing strategy to Paying lucrative interest rate for potential customers than others	2.41	1.405
Commercial Bank of Ethiopia adopts suitable pricing strategy of Introducing different incentive scheme to promote bulk sales	3.55	1.142
N= 164, Grand mean of pricing strategy	2.9776	.79396

Source: own survey, 2019

Price is the interest, fees and commission charged and paid by the bank. Price will determine the profitability of the banks. According to Obulutsa & Merriman (2014) In a highly regulated market, banks have little option in deciding the prices.

There are many pricing strategies i.e Pricing Strategies for New Products; two basic strategies that may be used in pricing new products are; skimming pricing and penetration pricing strategy (Fifield, 1994). Pricing Strategies for Established Products; existing prices may lead to one of three strategic alternatives maintaining the price, reducing the price, or increasing the price (Philip and Garry 2007), Price Bundling Strategy; (Philip and Garry ,

2007), Pricing Adjustment Strategies; Some of the pricing adjustment strategies are discount and allowance pricing, segmented pricing, psychological pricing, promotional pricing, value pricing, geographical pricing and international pricing (Kotler, 2007).

Table 4.2.6 indicates the result of pricing strategy of commercial bank of Ethiopia. The grand mean of pricing strategy is Grand mean = 2.98 , SD = 0.794 which is between the range of Mean value 2.334 and 3.667 signifies moderate pricing strategy. Product strategy registered lower grand mean and higher SD value compared with other service marketing mix element included in this study. Higher response variation indicates higher disagreement among respondents on the parameters asked to rate the level of their agreement. From different items enlightening pricing strategy setting competitive price for all product (M=3.57) , Introducing different incentive scheme to promote bulk sales (M=3.55), charging industry's minimum price when facing fierce competition (M=3.02) registered relatively higher mean value while, items like assigning different price quote for the same product based on certain criteria (M=2.86), Charging higher price during new product introduction (M=2.45) and paying lucrative interest rate for potential customers than others (M=2.41) registered minimum mean value which indicates the bank doesn't choose to use such kind of pricing strategy.

The researcher tried to identify the reason why pricing strategy registered lower grand mean and higher standard deviation value during in-depth interview secession. According to interviewees there is strict central bank intervention and there are rules and regulations that prohibit or control pricing issues. Other reasons are government priority, country's economic policy, the issues of bargaining power of the bank and consumer and competition etc. are the major bottlenecks to determine appropriate pricing strategy.

4.2.7 People strategy

Table: 4.2.7 people strategy

People strategy	Mean	Std. Deviation
People strategy of Commercial Bank of Ethiopia heavily depends on Hiring competent employees	4.00	.886
People strategy of Commercial Bank of Ethiopia heavily depends on Attracting experiential employees from competitors	3.26	1.191
People strategy of Commercial Bank of Ethiopia heavily depends on Developing employees skills through training and development programs	4.07	.764
People strategy of Commercial Bank of Ethiopia heavily depends on Assigning leaders (top managers) who has ability on strategic thinking	3.59	1.038
People strategy of Commercial Bank of Ethiopia heavily depends on Retaining the existing employees of the bank	3.62	1.082
N=164 , Grand mean of people strategy	3.7073	.65846

Source: own survey, 2019

People are an important component of bank marketing strategy as human factor is very influential in services marketing. As the inseparability principle is applicable in bank marketing, the services and service providers are not separable in banks. So the quality of service provided by a bank depends on the quality of people available to the bank.

This research tried to identify applicable people strategy in Ethiopian banking industry. As indicated by table 4.2.7 the respondents' asked five items each describing alternative people strategy. The result revealed that grand mean of people strategy is (M=3.71 , SD=0.66) which is between the range of mean value 3.667 and 5.00 that signifies there is effective people strategy and there is little disagreement between respondents or most of the respondents are inclined to agree with the grand mean value. Commercial bank of Ethiopia focuses on developing employees skills through training and development programs and

hiring competent employees registered Mean value= 4.07 and Mean value = 4.00 respectively . On the other hand, commercial bank of Ethiopia gives a little attention for employee retention strategy, facilitating strategic leadership, attracting experiential employees from competitors Mean = 3.62 , Mean =3.59 and Mean = 3.26 respectively.

The result of in-depth interview with the top managers also revealed that the rationale behind why commercial bank of Ethiopia focuses on hiring competent employees and investing higher amount of money on skill development program. According to them commercial bank of Ethiopia has leading strategy to create employment opportunity for recent grads and adequate capacity building program.

4.2.8 Sales performance

Table: 4.2.8 Sales performance

Sales performance	Mean	Std. Deviation
Sales performance of Commercial bank of Ethiopia improved through time on Increasing Sales volume	4.23	.846
Sales performance of Commercial bank of Ethiopia improved through time on Achieving the ability to sale new product with minimum cost	4.04	.850
Sales performance of Commercial bank of Ethiopia improved through time on Increasing market share	3.82	.785
Sales performance of Commercial bank of Ethiopia improved through time on Increasing bank's profitability	4.10	.823
Sales performance of Commercial bank of Ethiopia improved through time on Increasing the ability to retain existing customer	3.57	.998
Sales performance of Commercial bank of Ethiopia improved through time on Increasing the ability to attract new customer	3.87	.894
N=164 , Grand mean of sales performance	3.9360	.68542

Source: own survey, 2019

Sales performance is the measurement of the number of sales that an employee makes for a business company. Table 4.2.8 indicates the result of sales performance of commercial bank of Ethiopia. As clearly indicated by table 4.2.8 the respondents asked to respond on five sales performance parameters. The result highlighted that the grand mean of sales performance is Grand mean = 3.9360 , SD= .68542 which is within mean value 3.66-5.00 it indicates commercial bank of Ethiopia uses effective sales performance.

4.3 Inferential statistics

This sub section deals about the relationship between variables. Correlation and regression statistical tools used as data analysis techniques.

Correlation Analysis

Cohen (1988), suggested the following guideline to determine the strength of the relationship between variables: $r=.10$ to $.29$ or $r= -.10$ to $-.29$ small $r=.30$ to $.49$ or $r= -.30$ to $-.49$ medium $r=.50$ to 1.0 or $r= -.50$ to -1.0 large these guidelines apply whether or not there is a negative sign out in front of your r value.

Table 4.3.1 presented the output of correlation matrix among variables for the study. The result revealed that there is strong positive relationship ($r=0.663$, $r=0.572$, $r=0.722$, and 0.637) between process strategy and sales performance , physical evidence strategy and sales performance , product strategy and sales performance and people strategy and sales performance of the bank respectively. There is moderate positive relationship ($r=0.454$ and $r=0.472$) between place strategy and sales performance and promotion strategy and sales performance respectively. except pricing strategy all service marketing mix element registered positive relationship at moderate and strong correlation is significant at the 0.01 level ($P=.000$).

Table 4.3.1 Correlation matrix result

Correlations		PLACE	PROMO	PROCE	PHE	PROD	PRICE	PEOPLE
PROMO	Pearson C.	.442**	1					
PROCE	Pearson C.	.575**	.459**	1				
PHE	Pearson C.	.557**	.469**	.728**	1			
PROD	Pearson C.	.544**	.540**	.594**	.615**	1		
PRICE	Pearson C.	-.122	-.128	-.041	-.019	.032	1	
PEOPLE	Pearson C.	.326**	.426**	.583**	.542**	.544**	.067	1
PERFOR	Pearson C.	.454**	.472**	.663**	.572**	.722**	-.058	.637**
	Sig.	.000	.000	.000	.000	.000	.458	.000

** . Correlation is significant at the 0.01 level (PEARSON CORRELATION, 2-tailed).

N=164

4.3.1 Regression Analysis

In this sub section the researcher tried to examine the relationship between independent variable and dependent variables. The researcher tried to examine the relationship between variables and to infer the result to the target population the researcher tested assumptions and followed appropriate scientific procedures.

Assumptions of multiple regressions

There are many multiple regression assumptions needs to check in order to specify whether the constructs predict fully and accurately or not. Therefore this research tested key assumptions i.e singularity and multi co-linearity assumptions, normality assumptions, sample size assumptions, outliers and the like ; in doing so, the researcher fulfilled all appropriate scientific enquiry and systematic nature to generalize the result obtained from

specified sample size and applicability of constructs to the subject under study.

Sample size assumptions:- there are different assumptions and rules of sample size to generalize to the population. Small sample size leads to false generalization and the result can't be repeated with other samples. This kind of error produces scientifically insignificant value. Tabachnick and Fidell (2001), recommends a formula for calculating sample size requirements, taking into account the number of independent variables that you wish to use: $N > 50 + 8m$ (where m = number of independent variables).

Based on this formula the minimum sample size required for this study to produce generalizable output is $N > 50 + 8(7) = 106$. The actual sample size used for this study were 172 the output of this study doesn't violate sample size assumptions. Therefore, result generated from this research said to be generalizable and it has scientific value.

Multi co-linearity and singularity assumptions according to Pallant, (2005) multi co-linearity refers to the relationship among the independent variables. Multi co-linearity exists when the independent variables are highly correlated ($r = .9$ and above).

Singularity occurs when one independent variable is actually a combination of other independent variables at least some relationship with your dependent variable (above .3 preferably). As clearly indicated by as presented below table 4.3.2 this research doesn't violate both multi co-linearity and singularity assumptions. All correlation result score are below $r = .9$ which confirms fulfillment of multi co-linearity assumption and most of correlation result score except for pricing strategy all correlation score falls under preferable range which is $r = .3$. Which indicates most of variables fulfill singularity assumptions at acceptable level,

Table 4.3.2 **Correlations (1-tailed)**

	PERFOR	PLACE	PROMO	PROCE	PHE	PROD	PRICE	
Pearson Correlation	PERFOR	1.000						
	PLACE	.454**	1.000					
	PROMO	.472**	.442**	1.000				
	PROCE	.663**	.575**	.459**	1.000			
	PHE	.572**	.557**	.469**	.728**	1.000		
	PROD	.722**	.544**	.540**	.594**	.615**	1.000	
	PRICE	-.058	-.122	-.128	-.041	-.019	.032	1.000
	PEOPLE	.637**	.326**	.426**	.583**	.542**	.544**	.067

** . Correlation is significant at the 0.01 level (1-tailed). , N= 164

Source: own survey, 2019

Outlier assumptions: outliers as those with standardized residual values above about 3.3 (or less than -3.3 multiple regressions are very sensitive to outliers (very high or very low scores). This research screened out the strange data from the response in the initial stage of the research. The result as indicated by table 4.3.3 and table 4.3.4 presented below guarantees there is no threatening case for outliers. Threatening cases occurs when cooks distance value greater than 1 but, this research has maximum of 0.214 at cook's distance which is at safe zone. There for the result of this study is free from outlier responses.

Table: 4.3.3 Co-linearity Diagnostics

Collinearity Diagnostics^a

Model	Dimension	Eigenvalue	Condition Index	Variance Proportions							
				(Constant)	PLACE	PROMO	PROCE	PH E	PR OD	PRI CE	PEOPLE
1	1	7.861	1.000	.00	.00	.00	.00	.00	.00	.00	.00
	2	.072	10.454	.00	.00	.02	.00	.00	.00	.72	.00
	3	.019	20.461	.04	.07	.17	.02	.00	.00	.00	.55
	4	.017	21.619	.02	.09	.66	.04	.04	.00	.02	.08
	5	.010	27.785	.51	.03	.05	.11	.14	.01	.15	.21
	6	.008	30.469	.08	.03	.09	.12	.05	.79	.00	.00
	7	.007	33.200	.32	.69	.01	.01	.17	.13	.09	.11
	8	.006	37.022	.03	.09	.00	.71	.60	.06	.00	.05

a. Dependent Variable: ALLPERFOR

Source : own survey,2019

Table: 4.3.4 Residuals Statistics

Residuals Statistics^a

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	2.0090	4.7585	3.9360	.55308	164
Std. Predicted Value	-3.484	1.487	.000	1.000	164
Standard Error of Predicted Value	.037	.166	.087	.027	164
Adjusted Predicted Value	2.1302	4.7807	3.9377	.54816	164
Residual	-1.24911	1.29560	.00000	.40485	164
Std. Residual	-3.018	3.131	.000	.978	164
Stud. Residual	-3.253	3.253	-.002	1.015	164
Deleted Residual	-1.45098	1.39885	-.00173	.43592	164
Stud. Deleted Residual	-3.359	3.359	-.001	1.026	164
Mahal. Distance	.321	25.296	6.957	4.958	164
Cook's Distance	.000	.214	.010	.026	164
Centered Leverage Value	.002	.155	.043	.030	164

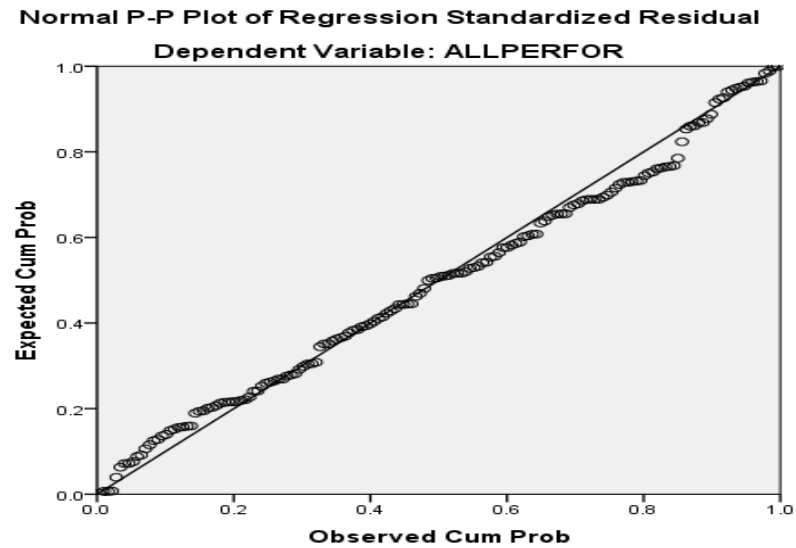
a. Dependent Variable: ALLPERFOR

Source: own survey,2019

Normality, linearity, homoscedasticity, independence of residuals assumptions are tested the result is depicted in figure 4.3.1 Normal P-P plot and figure 4.3.2 residual scatter plot (see below) of the regression standardized residuals indicates the normality assumption. As indicated by Probability Plot point's lie reasonably straight diagonal line from the left bottom to top right it indicates that there is no major deviation from normality. According to Tabachnick and Fidel, (2011) standardized residual scatter plots will be roughly rectangular distributed, with most of the scores concentrated in the center (along the 0 point). What you don't want to see is a clear or systematic pattern to your residuals (e.g.

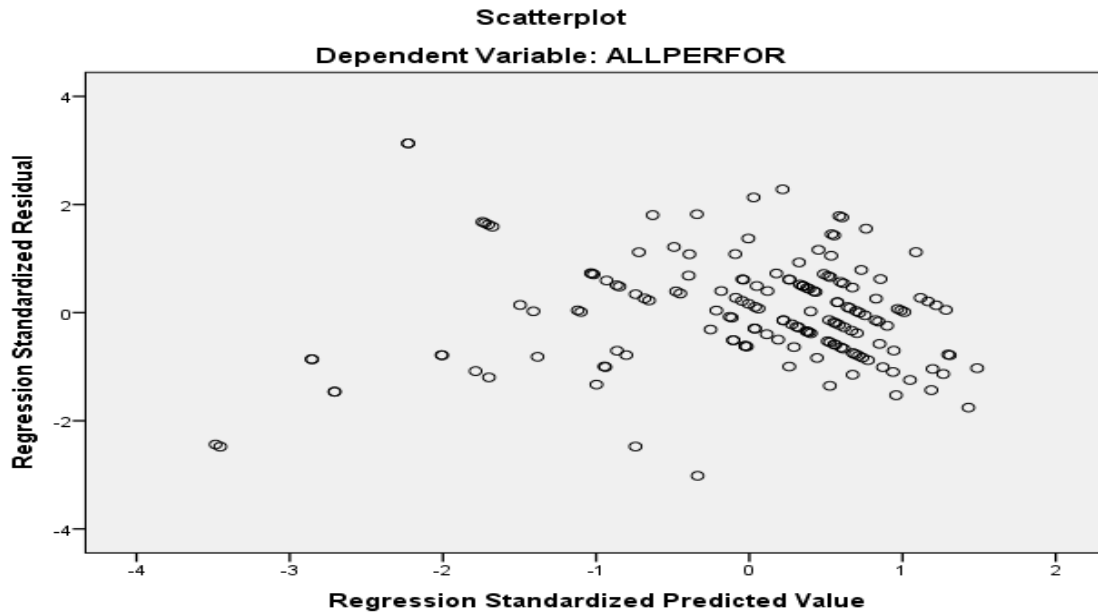
curvilinear, or higher on one side than the other). Scatter plot of the standardized residuals figure for this study displays residuals are roughly and randomly distributed, with most of the scores concentrated in the middle and it concentrated in a rectangle shape this haphazard shape or less deviation from center concentration suggests common assumptions of standardized residual plot. There for this research supports the assumptions of multiple regressions.

Figure 4.3.1 Normal P-P plot



Source: own survey, 2019

Figure 4.3.2 residual scatter plot



Source : own survey ,2019

Regression Analysis: The purpose of regression analysis is to investigate the relationship between the independent variable (product strategy, pricing strategy , promotion strategy ,convenience strategy, process strategy, people strategy and physical evidence strategy) and the dependent variables (sales performance). As clearly indicated by table 4.3.5 The model summery provides the R, R^2 , adjusted R^2 , and the standard error of the estimate, which can be used to determine how well a regression model, fits the data.

The value of R represents the correlation coefficients. It is seen from the table that the value of $R = .807$ indicates a high level of prediction. The R^2 value represents the coefficient of determination which is the proportion of variance in the dependent variable that can be explained by the independent variables and the value of R^2 is equivalent to .651 which means that 65% of the variance in sales performance can be accounted for by a variation in the independent variables.

Table: 4.3.5 Model summary

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.807 ^a	.651	.635	.41383	.651	41.593	7	156	.000

a. Predictors: (Constant), PEOPLE, PRICE, PLACE, PROMO, PHE, PROD, PROCE

b. Dependent Variable: PERFOR

Source: own survey, 2019

The F-ratio in the ANOVA table 4.3.6 tests whether the regression model is a fit for the data. The table shows that the independent variables of this study provide statistically significant prediction ability in order to predict the dependent variable, F (7, 156) F= 41.59 , P = .000 indicates the regression model is a good fit for the data. The coefficient is significant at $\alpha=0.01$.

Table: 4.3.6 ANOVA

ANOVA^a

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	49.862	7	7.123	41.593	.000 ^b
	Residual	26.716	156	.171		
	Total	76.578	163			

a. Dependent Variable: PERF

b. Predictors: (Constant), People, Price, Place, Promo, Phe, Prod, Proce

Source: own survey,2019

To determine if one or more of the independent variables are significant predictors of sales performance, the research examined the information provided in the coefficient table 4.3.7. From the seven service marketing mixes only three service marketing mixes are statistically significant and the rest four service marketing mixes are not statistically significant. The standardized coefficient beta column reveals the product strategy has a beta coefficient of

.452 which is significant 0.000 and process strategy has a beta coefficient of .282 which is significant 0.000 and people strategy has a beta coefficient of .261 at a .000 significance level. This research pointed out product strategy; process strategy and people strategy provide statistically significant unique contribution for the prediction of sales performance. Whereas , convenience strategy, promotion strategy , physical evidence strategy and pricing strategy of the bank doesn't make statistically significant unique contribution to the prediction of sales performance of the bank. Table :4.3.7 coefficients

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Correlations			Collinearity Statistics	
	B	Std. Error	Beta			Zero-order	Partial	Part	Tolerance	VIF
(Constant)	.042	.311		.136	.892					
PLACE	-.037	.080	-.030	-.467	.641	.454	-.037	-.022	.558	1.792
PROMO	.010	.061	.010	.171	.864	.472	.014	.008	.632	1.583
PROCE	.337	.092	.282	3.667	.000	.663	.282	.173	.377	2.654
PHE	-.050	.087	-.043	-.574	.566	.572	-.046	-.027	.396	2.522
PROD	.538	.083	.452	6.481	.000	.722	.461	.306	.461	2.170
PRICE	-.071	.042	-.082	-1.676	.096	-.058	-.133	-.079	.941	1.062
PEOPLE	.272	.066	.261	4.150	.000	.637	.315	.196	.564	1.773

a. Dependent Variable: PERF

Source: own survey, 2019

CHAPTER FIVE

SUMMARY OF MAJOR FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary of Major Findings

In this sub-section summary of major findings of the statistical analysis in relation to the previous research questions, research objectives and related literature works discussed.

RQ1. To what extent promotion strategy affect sales performance of Commercial bank of Ethiopia?

This research pointed out the effect of promotion strategy on sales performance of the bank. This strategy plays a significant role for the improvement of bank's sales performance and found effective promotion strategy in commercial bank of Ethiopia (grand Mean = 3.79, SD=.67). Promotion strategy has moderate level positive correlation with sales performance of the bank ($r = .472$, $p = .000$) on the other hand, when the research control (partial out) the effect of other variables promotion strategy become insignificant or doesn't make statistically significant unique contribution for the prediction of sales performance of the bank. In addition to this the research further explored that advertising and public relation strategies are the leading promotion strategy in the bank.

The result of this study is consistent with recommendation of Dauda (2015) the organization should not only concentrate on advertising to increase sales revenue and firm profitability they should also use sales promotion, personal selling and publicity.

This research contradicts with the finding of Gan (2010) conducted a study on empirical analysis: advertising effects on firm performance in the Malaysian consumer products sector. It was established that there was a positive relationship between advertising and firm performance. A study conducted in Indian Telecommunication Companies revealed that there exists a significant positive relationship between advertising and sales promotion on sales performance (Joshi et al , 2016). Nana et al (2011) a research conducted on Telecom industry (Vodafone, Ghana) revealed that there was a strong relationship between sales promotion, advertising budgets and total sales.

RQ2. How does placing strategy affect sales performance of Commercial bank of Ethiopia?

This research examined the nature of convenience strategy and its effect on sales performance of the bank. Effective convenience strategy (Grand Mean = 3.96, SD=0.54) observed in commercial bank of Ethiopia. Utilizing effective convenience strategy has moderate positive correlation with banking performance ($r=0.454$, $p=.000$). This research further examined the contribution of effective convenience strategy whereas, the result of this study revealed effective convenience strategy by itself without considering other service marketing mix strategy is meaningless. Commercial bank of Ethiopia uses expansion strategy (increasing number of branches) as a leading convenience strategy.

The result of this research contradict with the finding of Louter et al (1991), their finding revealed that distribution strategy has a positive impact on firm performance. Revino et al (2015) Findings revealed that distribution channels had a positive and significant impact on sales volume. Ferri et al (2012) they found innovation in assortment; information sharing and transportation coordination had positive and significant relationships with firm performance of Small and Medium Enterprises. Laswai (2013) research identified that distribution channel has a positive influence on sales performance.

RQ3.To what extent product strategy affect sales performance of Commercial bank of Ethiopia?

This research tried to examine the role of product strategy and its relationship with sales performance of the bank. The result highlighted that commercial bank of Ethiopia utilize effective product strategy (grand mean = 3.96, SD= 0.57). Strong positive relationship ($r=.722$, $P=.000$) observed between effective product strategy and sales performance of the bank. Effective product strategy makes statistically significant unique contribution ($\beta=.452$, $\alpha=0.01$) for the prediction of sales performance of the bank. Commercial bank of Ethiopia could generate 45.2% of sales performance through utilization of appropriate product strategy. This research further examined that commercial bank of Ethiopia follows leading market through product innovation strategy.

The result of this study support the argument of Aaker and Keller (1990), they found new product development is an essential activity for companies seeking growth. By adopting a new product strategy as their posture, companies are better able to sustain competitive producers on their existing products and make headway. The new product strategy will be split into three alternatives; product improvement/modification, product imitation and innovation.

RQ4. How process strategies affect sales performance of Commercial bank of Ethiopia?

This research tried to investigate the way in which process strategy affects bank performance. Process strategy is about service delivery improvement through avoiding non value-adding functions. Commercial bank of Ethiopia adopted effective process strategy (Grand mean = 3.77, SD= .57). Effective process strategy has strong positive relationship with sales performance of the bank ($r=.663$, $p=.000$) . 28.2% of bank performance could be explained by process strategy. Commercial bank of Ethiopia follows matching product with final user (delivering customized service) strategy as a leading process strategy. There for, the researcher is in a good position to declare process strategy positively affects sales performance of the bank.

The result of this study agrees with the suggestions of Carroll and Buchholtz (2015) companies to use more decentralized systems to increase sales performance of business partners. The processes within the company should be improved by reducing waste in order to serve the Marketing overall objective of the company. Brindley & Oxborrow (2013) suggests companies should increase transparency throughout important business processes and disclose all information regarding substantial risk associated with the product offering or its components in order to increase reliability of the company's business practices and promotions, resulting in trust among consumers.

RQ5. How does pricing strategy affect sales performance of Commercial bank of Ethiopia?

This research tried to evaluate the role of pricing strategy for sales performance of the bank. The result revealed that compared with other service marketing mix strategy commercial bank of Ethiopia registered the lowest (Grand mean = 2.98 , SD = 0.794) for pricing strategy. On the other hand, correlation result of this study revealed that there is no relationship between pricing strategy and sales performance of the bank. The research further identified that pricing strategy in the banking industry of Ethiopia is limited or there is strict government regulation in the industry. To minimize the effect of government control the bank focuses on charging competitive price strategy.

The finding of this research contradict with the findings of Deonir et al (2017), they conducted a research on pricing strategies and levels and their impact on corporate profitability. Their finding revealed value-based pricing has a positive effect on profitability of an organization and findings of Liozu (2013) conducted a research on pricing orientation, pricing capabilities, and firm performance. His finding was a positive relationship between value-based pricing and firm performance.

RQ6. Does people strategy play significant role in order to enhance sales performance?

This research argues people strategy play great significant role for sales performance of the bank. Commercial bank of Ethiopia achieved relatively effective people strategy (grand Mean =3.71 , SD=0.66). Establishing effective people strategy has strong relationship with sales performance of the bank ($r=0.637$, $p=.000$). To identify whether this value is statistically significant or not the researcher conducted beta coefficient analysis. The result confirmed that people strategy makes statistically significant unique contribution for his strategy makes statistically significant unique contribution for the prediction of sales performance of the bank ($\beta=.261$, $\alpha=.000$). This means people strategy has 26.1% of capacity in explaining sales performance of the bank. The research further investigated increasing the capacity of attracting competent new employee with zero year work experience and developing their capacity through training and capacity building program as a leading people strategy.

The finding of this research is consistent with the findings of Crane & Matten (2010), they highlighted ethical professional companies are likely to attract ethical job candidates, which tend to be more productive companies implement ethical norms and behavior in the training of their employees' working roles; these are increase sales performance of the companies. Hence, marketing strategies introduces high ethical and integrity norms, and results in an improved education of sustainable behavior among employees.

RQ7. What are major activities in physical evidence strategy given priority in improving sales performance of commercial bank of Ethiopia?

Activities such as adopting easily understandable logo , using standardized organization's color throughout the organization, Preparing reliable timely financial report , acquiring easily identifiable fixed assets (building, furniture) to represent CBE , Publishing unique pamphlets and crafting influential taglines are the major activities practicing to support effective physical evidence strategy. Commercial bank of Ethiopia registered higher grand mean (Grand Mean = 4.01, SD =.59) for physical evidence strategy compared with other service marketing mixes element included in this research. Effective physical evidence strategy has strong positive relationship with sales performance of the bank ($r=.572$, $p=.000$). This research further examined the effect of physical evidence strategy or its prediction ability; the result revealed that physical evidence strategy has no unique contribution to explain sales performance of the bank.

The finding of this research supports the idea of Kotler et al. (2010) states that character

building for brands reflects the urgency for companies to develop an authentic DNA which acts as the core of their true differentiation. Major physical evidence areas are the stationery items like cheque book, pass book, attractively designed product brochure, a catchy brand name for a product, timely supply of statement of account etc. will make the products tangible.

5.2 Conclusions

This study tried to analyze the role of marketing strategy on sales performance of the bank. The research focused on seven service marketing mix strategy and their relationship with sales performance of the bank. The study clearly indicated the necessity of the subject, raised research questions to be answered, defined objectives, scope of the study and limitation of the study in chapter one. In chapter two the research reviewed related literature results, theoretical background of the subject, empirical works and specified conceptual framework for the study. In chapter three the researcher defined appropriate research methodologies, techniques and procedures used in this study. Chapter four analyzed and presented collected data in a meaningful and attractive way to the reader. Finally in this chapter the research discussed the major findings of this research and relationship with other studies presented in previous subsection. In this sub section the research presented the final conclusion of the study. The conclusion of the study presented as follows:-

- ⌵ As per the objective of the study the researcher tried to determine, describe, analyze, and examine the role of each service marketing mix for improvement of sales performance of the bank. The result revealed that except pricing strategy all other (convenience strategy, product strategy, promotion strategy, people strategy, physical evidence strategy and process strategy) strategies were effectively utilized in Ethiopian banking industry. Pricing strategy registered the lowest mean value compared with other service marketing mix strategies or it applied at a moderate level in Ethiopian banking industry. There for, the researcher concluded that Ethiopian banking industry strongly armed with six major (convenience strategy, product strategy, promotion strategy, process strategy, people strategy and physical evidence strategy) service marketing mix strategy and compute each other to increase their sales performance.
- ⌵ This research conducted correlation analysis in order to see relationship among variables. The result indicated that except pricing strategy all service marketing strategies included in this study registered positive relationship with sales performance of the bank. Based on this result the researcher concluded that pricing strategy has little or no contribution for improvement of sales performance in Ethiopian banking industry.

- The result of regression analysis revealed that 65% of sales performance of the bank could be explained by seven service marketing strategy considered in this study. The prediction ability of independent variables (convenience strategy, product strategy, promotion strategy, pricing strategy, process strategy, people strategy and physical evidence strategy) is considerable enough to improve sales performance of the bank. From this result, the researcher concluded that using all seven service marketing mix strategy interactively facilitate higher sales performance of the bank.
- This research further examined unique contribution of variables included in the model. Examining unique contribution of each variable facilitate to identify most influential variables among all listed variables. The result assured that only three (Product strategy, process strategy and people strategy) out of seven service marketing mix element makes statistically significant unique contribution for the prediction of sales performance of the bank. From this scientific fact, the researcher concluded that product strategy, process strategy and people strategy plays significant role in order to improve sales performance in Ethiopian banking industry.

5.3 Recommendation

The focus of this study was to examine the relationship of service marketing mix strategy on sales performance of the bank. Based on the result of the study, the following recommendations have been given.

- ✓ This research found that service marketing mix strategy directly affects the sales performance of the bank. Bankers should understand the benefit of each service marketing mix strategy and choose the best marketing mix strategy which enhances higher sales performance of the bank.
- ✓ Product strategy of the bank has higher unique significant for the prediction of sales performance of the bank. There for bankers should increase their effort on improving product strategy through being proactive to answer future need of customer, improving product that has greater significance for profit contribution, diversifying product, concentrating on profitable product and adding new feature on existing product.
- ✓ Process strategy of the bank has greater significant for the prediction of sales performance of the bank. There for bankers should focus on improving their process strategy to make easier, convenient, avoiding non-value adding practices, using technology, designing standardized service throughout the organization are the major tools used to follow effective process strategy.
- ✓ People strategy plays significant role for the prediction of sales performance of the bank. bankers should understand the role of people in banking industry, peoples in the banking industry serves as competitive weapons there for bankers should focus on retaining the existing more experienced employees in addition to building employees skill and knowledge through capacity building training programs.
- ✓ Pricing strategy plays little role for the improvement of sales performance in Ethiopian banking industry this is due to government intervention. There for, government should minimize the level of intervention in banking industry regarding pricing issues. Price should be set by market forces or demand and supply.

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Website

- <http://www.combanketh.et>

Annex 1

Questionnaire for CBE employee
Wolkite University
College of Business and Economics
Department of Management

This questionnaire is intended to collect primary data used for thesis entitled “The Role of Marketing Strategies on Sales Performance: The Case of Commercial Bank of Ethiopia” in partial fulfillment of requirement for Masters of Business Administration. Therefore, your participation in giving reliable information is important for the success of this study. So, I respectfully request your kind cooperation in answering the questions as clearly as possible. I would like to assure you that the information you provide will be used for academic purpose only and all responses will be treated in strict confidentiality.

Thank you in advance

Bayisa Megarsa

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E-mail:

bayisamegarsa@cbe.com.et

or

bayisamegarsa5@gmailcom

If you have any question with regard to the questionnaire please contact me using the above mentioned address.

Note

- Please do not write your name
- Put “□” or “□” mark in the box to the point which highly reflect your idea
- All information will be treated confidentially
- Your honest and unbiased response will greatly contribute for the research to achieve its objective.

I. Demographic Data of the respondent

- | | | | | |
|--------|-------|--------------------------|----------|--------------------------|
| 1. Sex | Male | <input type="checkbox"/> | Female | <input type="checkbox"/> |
| 2. Age | 20-24 | <input type="checkbox"/> | 25-29 | <input type="checkbox"/> |
| | 30-34 | <input type="checkbox"/> | 35-39 | <input type="checkbox"/> |
| | 40-44 | <input type="checkbox"/> | above 45 | <input type="checkbox"/> |

About Convenience:**Commercial Bank of Ethiopia has convenience strategy to be....**

S.no	Dimension	Responses				
	Convenience	SD	D	N	A	SA
1	Nearer to customer's home/office					
2	Fast to acquire state of the art technology					
3	Set Convenient banking hours based on customer's need					
4	Leader on Number of branches in different area of city					
5	Leader in providing banking service through agents					

About promotion**Commercial Bank of Ethiopia uses the following promotion strategy ...**

S.no	Dimension	Responses				
	PROMOTION	SD	D	N	A	SA
1	frequently Using Above the line advertising (TV , RADIO...) method					
2	Frequently using Through the line advertising (social media , web pages) method					
3	Frequently using below the line advertising (Exhibition/Trade Shows) methods					
4	Frequently using indirect promotion techniques (press release , public relation)					
5	Participating in socially desirable corporate social responsibility programs					

About process

Commercial Bank of Ethiopia paid attention in improving banking process through adopting

S.no	Dimension	Responses				
	PROCESS	SD	D	N	A	SA
1	Speedy delivery of service					
2	Eliminating business as usual practices					
3	Adopting Standardize procedures throughout the organization					
4	Customization of services to be simple for local users					
5	Simplicity of products to the final user					
6	Eliminating non-value adding process throughout the organization					

About Physical Evidences:

Commercial Bank of Ethiopia works to be visible in considering physical evidence strategy of.....

S.no	Dimension	Responses				
	Physical Evidences	SD	D	N	A	SA
1	Using easily understandable logo					
2	Crafting influential taglines					
3	Publishing unique pamphlets					
4	Continuously using standardized organization's color throughout the organization					
5	Preparing reliable timely financial report					
6	Acquiring easily identifiable fixed assets (building, furniture) to represent CBE					

About Product strategy

Commercial Bank of Ethiopia utilizes different product strategy.....

S.no	Dimension	Responses				
	Product	SD	D	N	A	SA
1	To be market leader in introducing new products					
2	To be proactive to answer future need of customer					
3	To emphasize on product diversification					
4	To emphasize on product specialization					
5	To focus on adding new future on existing product					
6	Focusing on improving product that has greater significance for profit contribution					

About pricing strategy

Commercial Bank of Ethiopia adopts suitable pricing strategy.....

S.no	Dimension	Responses				
	pricing	SD	D	N	A	SA
1	Charging competitive price for all product					
2	Charging higher price during new product introduction					
3	Assigning different price quote for the same product based on certain criteria					
4	Charging industry's minimum price when facing fierce competition					
5	Paying lucrative interest rate for potential customers than others					
6	Introducing different incentive scheme to promote bulk sales					

About people strategy

People strategy of Commercial Bank of Ethiopia heavily depends on.....

S.no	Dimension	Responses				
	People	SD	D	N	A	SA
1	Hiring competent employees					
2	Attracting experiential employees from competitors					
3	Developing employees skills through training and development programs					
4	Assigning leaders (top managers) who has ability on strategic thinking					
5	Retaining the existing employees of the bank					

Sales performance of commercial bank of Ethiopia

Sales performance of Commercial bank of Ethiopia improved through time on ...

S.no	Dimension	Responses				
	Sales performance	SD	D	N	A	SA
1	Increased Sales volume					
2	Achieved the ability to sale new product with minimum cost					
3	Increased market share					
4	Increased bank's profitability					
5	Increased the ability to retain existing customer					
6	Increased the ability to attract new customer					

Thank you!!!

Annex 2

Interview questions to managers of CBE on marketing strategies

1. How CBE does use product strategies in line with new and retaining product to increase sales performance?
2. Is CBE used pricing strategy? If yes which pricing strategies has been used penetrating or skimming pricing strategies to enhance sales performance?
3. How CBE does used placing strategies to increase sales performance?
4. Does promotion marketing strategies is a great role to enhance the sales performance of CBE? If yes what tools marketing strategies has been used to increase sales performance?
5. How CBE does used people strategy to increase organizational sales performance and how we can differentiate from their compotators?
6. Does a physical evidence strategy of CBE enhance sales performance? If your answer is yes how its increase sales performance?
7. How does process strategy of CBE increase sales performance?
8. How we measure sales performance of commercial bank of Ethiopia?